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SCANDINAVIAN CONSUMER LOANS LIMITED

(incorporated in Jersey with limited liability under registered number 89744)

€175,700,000 Floating Rate Notes due 2025

Scandinavian Consumer Loans Limited (the **Issuer**) will issue €117,750,000 Class A Floating Rate Notes due 2025 (the **Class A Notes**), €13,450,000 Class B Floating Rate Notes due 2025 (the **Class B Notes**), €5,850,000 Class C Floating Rate Notes due 2025 (the **Class C Notes**), €31,100,000 Class D Floating Rate Notes due 2025 (the **Class D Notes**) and €7,550,000 Class E Floating Rate Notes due 2025 (the **Class E Notes** and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the **Notes**) on the Closing Date (as defined below).

Application has been made to the Irish Financial Services Regulatory Authority (**IFSRA**), as competent authority under Directive 2003/71/EC, for the Offering Circular to be approved as a Prospectus (as defined below). Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the Official List of the Irish Stock Exchange and traded on its regulated market.

The Notes are expected, on issue, to be assigned the relevant ratings set out under the relevant Class (as defined below) of Notes in the table below by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) and Moody's Investors Service Limited (**Moody's** and, together with S&P, the **Rating Agencies**). **A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations.** The ratings from the Rating Agencies address only the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal on the Notes by the Final Maturity Date (as defined below) and do not address the likelihood of receipt by any Noteholder of principal prior to the Final Maturity Date.

	Class A	Class B	Class C	Class D	Class E
Principal Amount:	€117,750,000	€13,450,000	€5,850,000	€31,100,000	€7,550,000
Issue Price:	100%	100%	100%	100%	100%
Interest Rate:	One-month EURIBOR+ Margin	One-month EURIBOR+ Margin	One-month EURIBOR+ Margin	One-month EURIBOR+ Margin	One-month EURIBOR+ Margin
Margin until Interest Payment Date falling in June 2011:	0.14 per annum	0.33 per annum	0.58 per annum	0.88 per annum	3.00 per annum
Margin from Interest Payment Date falling in June 2011:	0.28 per annum	0.66 per annum	1.16 per annum	1.76 per annum	4.00 per annum
Interest Payment Dates:	Monthly in arrear on the 15th day of each month in each year				
First Interest Payment Date:	August 2006	August 2006	August 2006	August 2006	August 2006
Final Maturity Date:	June 2025	June 2025	June 2025	June 2025	June 2025
Expected Ratings (S&P/Moody's):	AAA/Aaa	AA/Aa2	A/A2	BBB/Baa2	BB/NR

Interest on the Notes will be payable in arrear on the 15th day of each month in each year (subject to adjustment for non-Business Days as described herein) (each, an **Interest Payment Date**). Interest will accrue from (and including) the Closing Date to (but excluding) the Interest Payment Date falling in June 2025 (the **Final Maturity Date**). The first Interest Payment Date will be the Interest Payment Date falling in August 2006. The interest rate applicable to each Class of Notes from time to time will be determined by reference to the Euro Interbank Offered Rate (**EURIBOR**) for one month Euro deposits, as further defined in **Condition 4.3 (Rate of Interest)** plus the relevant Margin, as set out in the table above.

If any withholding or deduction for or on account of tax is applicable to the Notes, the payment of interest on and principal in respect of the Notes will be made subject to such withholding or deduction. In such circumstances, neither the Issuer nor any other party will be obliged to pay any additional amounts as a consequence.

All Notes will be secured on the same security, subject to the priorities described in this Offering Circular. Notes of each Class will rank *pari passu* with, and without priority among, other Notes of the same Class. Unless previously redeemed in full, the Notes of each Class will mature on the Final Maturity Date. The Notes will be subject to target redemption and/or optional redemption either in whole or in part before such date in the specific circumstances, and subject to the conditions, described in the terms and conditions of the Notes (the **Conditions**) set out herein.

The Notes of each Class will initially be represented by a temporary global note in bearer form, without coupons or talons (each, a **Temporary Global Note**), which will be deposited on 6 July 2006 (or such later date as may be agreed between the Issuer, Citigroup Global Markets Limited (the **Lead Manager**) and Barclays Bank PLC (the **Co-Manager** and, together with the Lead Manager, the **Managers**) and Citicorp Trustee Company Limited (the **Security Trustee** and the **Note Trustee**) (the **Closing Date**) with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (Clearstream, Luxembourg and, together with Euroclear, the **Clearing Systems**). Each Temporary Global Note will be exchangeable not earlier than 40 days after the Closing Date (the **Exchange Date**) (and upon certification of non-U.S. beneficial ownership) for interest in a permanent global note in bearer form, without coupons or talons, for the relevant Class (each, a **Permanent Global Note** and, together with each Temporary Global Note, the **Global Notes**), which will also be deposited with the common depositary for the Clearing Systems. Save in certain limited circumstances set out in the Conditions, Notes in definitive form will not be issued in exchange for the Global Notes.

See "Risk Factors" for a discussion of certain factors which should be considered by prospective investors in connection with an investment in the Notes.

Lead Manager

Citigroup

Co-Manager

Barclays Capital

The date of this Offering Circular is 3 July 2006

This Offering Circular comprises a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). References throughout this document to “Offering Circular” shall be taken to read “Prospectus”.

THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS SOLELY OF THE ISSUER AND WILL NOT BE THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OTHER ENTITY. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, OR GUARANTEED BY, THE TRUSTEE, THE MANAGERS, THE CURRENCY HEDGE PROVIDER, THE ORIGINATOR, THE SELLERS, THE SERVICER, THE CASH MANAGER, THE SERVICE PROVIDER, THE STANDBY SERVICER, THE STANDBY FACILITATOR, THE PAYING AGENTS, THE AGENT BANK, THE START-UP LOAN PROVIDER, THE ACCOUNT BANK, THE SHARE TRUSTEE OR THE CORPORATE SERVICES PROVIDER (EACH AS DEFINED HEREIN) OR ANY OTHER COMPANY IN THE SAME GROUP OF COMPANIES AS, OR AFFILIATED TO, ANY OF SUCH ENTITIES.

The Issuer (the **Responsible Person** for the purposes of the Prospectus Directive) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Managers, the Security Trustee or the Note Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Security Trustee or the Note Trustee as to the accuracy or completeness of any of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution.

The websites referred to throughout the document do not constitute part of the Offering Circular.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information provided by the Issuer in connection with the Notes or their distribution and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Security Trustee, the Note Trustee or any of the Managers. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date hereof.

This Offering Circular and any other information supplied in connection with the Notes or their distribution are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Security Trustee, the Note Trustee or any of the Managers that any recipient of this Offering Circular or any other information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the issue of the Notes constitutes an offer of, or an invitation by, or on behalf of, the Issuer or any of the Managers to subscribe for, or purchase, any of the Notes. Neither this Offering Circular nor any other information supplied in connection with the issue of the Notes constitutes an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), or any state securities laws, and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. persons (see the section “*Subscription and Sale*” below) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Other than the approval by the IFSRA of this Offering Circular as a Prospectus in accordance with the requirements of the Prospectus Directive, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any part of it nor any other offering circular, prospectus, form of application, advertisement or other offering material may be

issued, distributed or published in any country or jurisdiction (including the United Kingdom and Sweden), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part of it) comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof), see the section “*Subscription and Sale*” below.

References in this Offering Circular to **SEK** or **Swedish Kronor** or **Kronor** are to the lawful currency from time to time of the Kingdom of Sweden, and references to **€** or **Euro** or **EUR** are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.

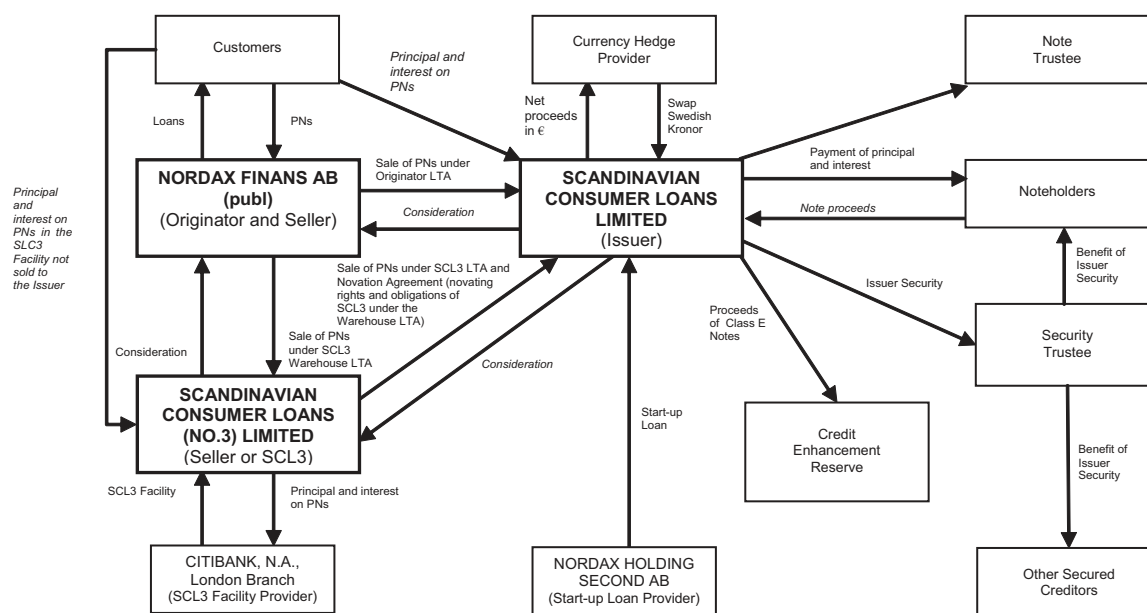
A copy of this Offering Circular has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) Jersey Order 2002 and it has given, and has not withdrawn, its consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of the Notes. It must be distinctly understood that, in giving these consents neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made or opinions expressed with regard to it. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against any liability arising from the discharge of its functions under that law.

In connection with the issue of the Notes, Citigroup Global Markets Limited (the Stabilising Manager) or any person acting for the Stabilising Manager may over-allot (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any agent of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue of the Notes and 60 days after the date of the allotment of the Notes.

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STRUCTURE DIAGRAM



Abbreviations (for the purposes of this structure diagram only):

Customers = the consumers of the PNs under the Note Issuance Facility and the SCL3 Facility

Originator LTA = the original loan transfer agreement between Nordax as transferor and the Issuer as transferee, as amended and restated on or before the Closing Date

PNs = Promissory Notes

SCL3 Facility = the note issuance facility made available to SCL3 by the SCL3 Facility Provider pursuant to the SCL3 Note Issuance Facility Agreement dated 1 June 2006

SCL3 LTA = the loan transfer agreement between SCL3 as transferor and the Issuer as transferee, to be dated on or about the Closing Date

Warehouse LTA = Warehouse Loan Transfer Agreement dated 1 June 2006

SUMMARY

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein. Prospective investors are advised to read carefully, and should rely solely on, the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein in making any investment decision. Capitalised terms used, but not defined, can be found elsewhere in this Offering Circular, unless otherwise stated. An index of defined terms is set out at Appendix 2 to this Offering Circular.

THE PARTIES

- The Issuer:** The issuer of the Notes is Scandinavian Consumer Loans Limited (the **Issuer**) of 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands, a public company incorporated in Jersey, Channel Islands (registered number 89744), with limited liability, which has been established for the limited purposes of the issue of the Notes, the purchase of the Promissory Notes and the other actions expressly contemplated by the Transaction Documents. The entire issued share capital of the Issuer is held by or on behalf of Structured Finance Management Offshore Limited on trust for charitable purposes.
- The Originator:** The originator of the Promissory Notes is Nordax Finans AB (publ) (the **Originator** or **Nordax**) of Gävlegatan 22, P.O. Box 23124, SE-104 35 Stockholm, Sweden. The Originator is a limited liability company incorporated in Sweden (registered number 556647-7286). The principal business of the Originator is making loans to consumers and conducting other business compatible therewith. The Originator is licensed as a credit market company (*Sw. Kreditmarknadsbolag*) by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the **Swedish FSA**).
- The Sellers:** The Sellers are (i) Nordax and (ii) Scandinavian Consumer Loans (No. 3) Limited (**SCL3**) of 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands, a limited liability company incorporated in Jersey, Channel Islands (registered number 92583). Each of Nordax (in its capacity as a seller of Promissory Notes to the Issuer) and SCL3 are herein referred to as a **Seller** and together as the **Sellers**. Pursuant to the Loan Transfer Agreements, the Sellers have sold or will sell Promissory Notes originated by the Originator to the Issuer.
- The Share Trustee:** Structured Finance Management Offshore Limited (the **Share Trustee**) of 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands (registered number 83135) holds its interest in the shares of the Issuer on trust for charitable purposes under the terms of the trust deed dated 22 March 2005 (the **Share Trust Deed**).
- The Note Trustee:** Citicorp Trustee Company Limited (the **Note Trustee**) of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom will be appointed pursuant to the Trust Deed to represent the interests of the holders of the Notes (the **Noteholders**).

The Security Trustee:	Citicorp Trustee Company Limited (the Security Trustee) of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom will hold the security granted under the English Deed of Charge, the Swedish Security Agreement and the Jersey Security Agreement, each dated on or about the Closing Date, on behalf of itself and any receiver or other appointee of the Security Trustee and the Noteholders, the Note Trustee, the Servicer, the Standby Servicer, the Standby Facilitator, the Originator, the Sellers, the Cash Manager, the Account Bank, the Currency Hedge Provider, the Start-up Loan Provider, the Corporate Services Provider, the Agent Bank, the Principal Paying Agent, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement (together, the Secured Parties) and will be entitled to enforce the security granted in its favour under the English Deed of Charge, the Swedish Security Agreement and the Jersey Security Agreement.
The Servicer:	Nordax Finans AB (publ) (the Servicer) of Gävlegatan 22, P.O. Box 23124, SE-104 35 Stockholm, Sweden will be appointed pursuant to the terms of the Servicing Agreement to <i>inter alia</i> , administer the Portfolio on behalf of the Issuer and the Security Trustee.
The Standby Servicer:	Cerdo Bankpartner AB (the Standby Servicer) of Rönnowsgatan 6, P.O. Box 663, SE-251 06, Helsingborg, Sweden will be appointed as standby servicer under the terms of the Standby Servicing Agreement, such that, if the appointment of Nordax Finans AB (publ) as Servicer is terminated, the Standby Servicer will assume such administration functions.
The Standby Facilitator:	Citigroup Global Markets Limited (the Standby Facilitator) of Canada Square, Canary Wharf, London E14 5LB, United Kingdom will be appointed as standby facilitator under the terms of the Standby Facilitator Agreement, such that, if the appointment of Cerdo Bankpartner AB as Standby Servicer is terminated, the Standby Facilitator will facilitate the appointment of a replacement Standby Servicer.
The Cash Manager:	Nordax Finans AB (publ) (the Cash Manager) of Gävlegatan 22, P.O. Box 23124, SE-104 35 Stockholm, Sweden will provide certain cash management services to the Issuer pursuant to the Cash Management Agreement.
The Service Provider:	TietoEnator Financial Solutions AB (the Service Provider) of Kronborgsgränd 1, SE-164 87 Kista, Sweden will provide certain application support and operations support to the Servicer, the Standby Servicer and any replacement Standby Servicer (as appropriate) pursuant to the Servicing Transfer Agreement.
The Principal Paying Agent and the Agent Bank:	Citibank, N.A., acting through its branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom will be appointed to act as principal paying agent and agent bank under the Agency Agreement (the Principal Paying Agent and the Agent Bank respectively and, together with the Irish Paying Agent, the Agents).

- The Irish Paying Agent:** Citibank International plc, acting through its branch at 1 North Wall Quay, Dublin 1, Ireland will be appointed to act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent** and, together with the Principal Paying Agent and any other paying agent(s) which may be appointed pursuant to the Agency Agreement, the **Paying Agents**).
- The Currency Hedge Provider:** The currency hedge provider will be Barclays Bank PLC (the **Currency Hedge Provider**) of 1 Churchill Place, London E14 5HP, United Kingdom. The Currency Hedge Provider will enter into Currency Hedge Agreements with the Issuer and the Security Trustee. The Issuer will be required to maintain currency hedge agreements with an entity which has a rating assigned to its unsecured, unsubordinated and unguaranteed short term debt obligations of at least “A-1+” by S&P and long term debt obligations of at least “AA-” by S&P and which has a rating assigned to its unsecured, unsubordinated and unguaranteed long term debt obligations of at least “A1” by Moody’s or a rating assigned to its unsecured, unsubordinated and unguaranteed short term and long term obligations of at least “A2” and “P-1” respectively by Moody’s (collectively, the **Currency Hedge Provider Requisite Ratings**). See further “*Summary of Principal Transaction Documents – Currency Hedge Agreements*” below.
- The Account Bank:** Danske Bank A/S, Danmark, Sverige Filial of Norrmalmstorg 1, SE-103 92 Stockholm, Sweden will act as account bank for the Issuer under the Bank Account Agreement (in this capacity, the **Account Bank**). The Account Bank shall have a rating assigned to its unsecured, unsubordinated and unguaranteed short term debt obligations of at least “P-1” by Moody’s and “A-1+” by S&P or (if the aggregate amount standing to the credit of the GIC Account and the Transaction Account does not exceed 20 per cent. of the Principal Amount Outstanding of the Notes) “A-1” by S&P. See further “*Summary of Transaction Documents – Bank Account Agreement*” below.
- The Start-up Loan Provider:** Nordax Holding Second AB of Gävlegatan 22, P.O. Box 23124, SE-104 35, Stockholm, Sweden (the **Start-up Loan Provider**) will provide the start-up loan pursuant to the Start-up Loan Agreement.
- The Corporate Services Provider:** The corporate services provider is Structured Finance Management Offshore Limited (the **Corporate Services Provider**) of 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands (registered number 83135).

RELEVANT DATES AND PERIODS

- Closing Date:** The Notes will be issued on or about 6 July 2006 (or such later date as may be agreed between the Issuer, the Managers, the Note Trustee and the Security Trustee) (the **Closing Date**).
- Calculation Date:** On the 3rd Stockholm Business Day of each month (each such date, a **Calculation Date**) the Cash Manager will, based on information relating to collections on the Transferred Promissory Notes (as defined below) received from the Servicer, perform calculations in respect of the immediately preceding Calculation Period and determine payments to be made to, amongst other, the Noteholders in accordance with the relevant Priority of Payments on the immediately succeeding Interest Payment Date.
- Calculation Period:** Amounts available for payment on the Notes on any Interest Payment Date will depend on the payments and other collections received with respect to the Transferred Promissory Notes during the applicable Calculation Period and the payments to be received on the relevant Interest Payment Date with respect to any Currency Hedge Agreement for the applicable Calculation Period and the other payments to be made by the Issuer on the Interest Payment Date including (during the Revolving Period) the initial purchase price (the **Initial Purchase Price**) for any Additional Promissory Notes acquired by the Issuer on the immediately preceding Monthly Acquisition Date. Each **Calculation Period** will commence on (and include) a Calculation Date (or, in the case of the first Calculation Period, the Closing Date) and will end on (but exclude) the next following Calculation Date.
- Monthly Acquisition Date:** During the Revolving Period, the Issuer may acquire Additional Promissory Notes from the Sellers after the Closing Date on the 7th Stockholm Business Day of each month (the **Monthly Acquisition Date**).
- Revolving Period End Date and Revolving Period:** The revolving period will commence on (and include) the Closing Date and will end on (and include) the Monthly Acquisition Date falling in June 2011 (the **Revolving Period End Date**), such period being referred to herein as the **Revolving Period**.
- Interest Payment Date:** The 15th day of each month in each year or, if such day is not a Business Day, on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not). The first Interest Payment Date will be the Interest Payment Date falling in August 2006.
- Interest Periods:** Interest on the Notes is payable by reference to successive Interest Periods. The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Interest Payment Date falling in August 2006 and each subsequent Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date.

Step-Up Date: The Interest Payment Date falling in June 2011 (the **Step-Up Date**).

Final Maturity Date: The Interest Payment Date falling in June 2025 (the **Final Maturity Date**).

Business Day: Business Day means a day (other than Saturday and Sunday) on which commercial banks are open for business in London, Stockholm and Dublin and on which the Trans-European Automated Real-Time Gross Settlement Express System settles payments in Euro.

Stockholm Business Day: Stockholm Business Day means a day (other than Saturday and Sunday) on which commercial banks are open for business in Stockholm.

APPLICATION OF PROCEEDS OF THE NOTES

Use of Issue Proceeds: The net proceeds of the issue of the Notes (other than the Class E Notes) will be applied towards repaying all outstanding notes issued under the existing note issuance facility agreement (the **Existing Note Issuance Facility Agreement**) dated 13 April 2005 between, *inter alios*, the Issuer and Citibank International plc (in its capacity as the **Facility Provider**).

The net proceeds of the issue of the Class E Notes will be applied towards: (i) funding the reserve fund (the **Credit Enhancement Reserve**) in an amount equal to the Initial Reserve Amount (see further, “*Cashflows*” below) and (ii) repaying all outstanding amounts under the existing subordinated loan agreement (the **Existing Subordinated Loan Agreement**) dated 19 December 2005 between the Issuer and Citibank International plc (in its capacity as the **Subordinated Loan Lender**).

The Promissory Notes: The Portfolio (as defined below) will consist of loans to consumers in Sweden (the **Customers** and each, a **Customer**) documented as negotiable promissory notes (the **Promissory Notes**). The Promissory Notes have been originated by the Originator.

Each Promissory Note evidences a loan to a Customer and any amendment thereto, and is sold to the Issuer together with the benefit of any insurance policy and/or other security right or claim in respect of a Customer’s obligations under a Promissory Note.

Unless the context requires otherwise, any reference herein to a Promissory Note includes the relevant related insurance policy (if any).

The Portfolio: The portfolio purchased from the Sellers and owned by the Issuer from time to time (the **Portfolio**) will comprise:

- (a) the Completion Portfolio (as defined below) acquired by the Issuer prior to the Closing Date; and
- (b) Additional Promissory Notes (as defined below) to be acquired by the Issuer from time to time after the Closing Date,

other than Promissory Notes which have been repaid in full or Promissory Notes in respect of which enforcement procedures have been completed or Promissory Notes which have been re-transferred to Nordax.

The **Completion Portfolio** will consist of outstanding Promissory Notes purchased by the Issuer from the Originator prior to the Closing Date pursuant to a loan transfer agreement between the Issuer and the Originator dated 13 April 2005 (the **Original Loan Transfer Agreement**), as described further under “*Summary of Transaction Documents – Background*” below, but will not include, for the avoidance of doubt, any Promissory Notes in arrears which will have been sold by the Issuer to SCL3 pursuant to the Warehouse Loan Transfer Agreement prior to the Closing Date.

The Original Loan Transfer Agreement will be amended and restated by, *inter alios*, the Issuer and the Originator on or before the Closing Date (as so amended and restated, the **Originator Loan Transfer Agreement**).

After the Closing Date and during the Revolving Period, the Issuer will continue to acquire Promissory Notes (the **Additional Promissory Notes**) from:

- (a) Nordax pursuant to the Originator Loan Transfer Agreement; and
- (b) SCL3 pursuant to a loan transfer agreement dated on or about the Closing Date between the Issuer, SCL3 and Nordax (the **SCL3 Loan Transfer Agreement** and, together with the Originator Loan Transfer Agreement, the **Loan Transfer Agreements**).

Each of Nordax and SCL3 will use reasonable efforts to sell Additional Promissory Notes to the Issuer on each Monthly Acquisition Date during the Revolving Period. Unless a Trigger Event (as defined below) has occurred and is subsisting, the Issuer shall acquire any Additional Promissory Notes on a Monthly Acquisition Date to the extent that it will have sufficient Principal Receipts on the immediately succeeding Interest Payment Date to pay the Initial Purchase Price for such Additional Promissory Notes, but only after the Issuer has provided for: (i) repayment of the Class A Notes on each Interest Payment Date (but only in an amount such that the Principal Amount Outstanding in respect of the Class A Notes after such redemption is not greater than the relevant Class A Target Remaining Amount for such Interest Payment Date as set out in set out in **Condition 6.2**) and (ii) if the Sellers so direct the Issuer, an amount up to the Retained Amount to be credited to the GIC Account. For so long as a Trigger Event has occurred and is subsisting, the Issuer shall: (i) cease acquiring Additional Promissory Notes from the Sellers pursuant to the Loan Transfer Agreements; and (ii) apply all Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments to redeem the Notes then outstanding until the earlier of the date that the Notes are redeemed in full or such Trigger Event is cured. For a more detailed description, see under “*Summary of Transaction Documents – Loan Transfer Agreements – Trigger Events*” below.

SCL3 entered into a loan transfer agreement with Nordax, the Issuer (in its capacity as a seller) and the Security Trustee dated 1 June 2006 (the **Warehouse Loan Transfer Agreement**) pursuant to which SCL3 acquired, and may continue to acquire, Promissory Notes from Nordax from time to time. The Warehouse Loan Transfer Agreement provides that such Promissory Notes acquired by SCL3 may be subsequently transferred to the Issuer pursuant to the SCL3 Loan Transfer Agreement.

For a more detailed description of the Promissory Notes comprising the Portfolio see under “*Description of the Portfolio*” below.

The Issuer, together with the Security Trustee, will have the benefit of certain warranties from the Originator and (to a

limited extent) SCL3 relating to the Transferred Promissory Notes in the Portfolio. In the event of a breach of certain of the warranties in respect of any Transferred Promissory Note, the Issuer or the Security Trustee will be entitled to require that such Transferred Promissory Notes are repurchased by the Originator or (in the event of a breach of the warranties given by SCL3) SCL3. This is more fully described under “*Summary of Transaction Documents – Loan Transfer Agreements*” below.

PRINCIPAL FEATURES OF THE NOTES

Title of Notes: €175,700,000 Floating Rate Notes due 2025.

The Notes: The Notes will comprise:

- (a) €117,750,000 Class A Floating Rate Notes due 2025 (the **Class A Notes**);
- (b) €13,450,000 Class B Floating Rate Notes due 2025 (the **Class B Notes**);
- (c) €5,850,000 Class C Floating Rate Notes due 2025 (the **Class C Notes**);
- (d) €31,100,000 Class D Floating Rate Notes due 2025 (the **Class D Notes**); and
- (e) €7,550,000 Class E Floating Rate Notes due 2025 (the **Class E Notes**),

and each a **Class** of Notes.

The Notes will be constituted pursuant to a trust deed made between the Issuer and the Note Trustee dated on or before the Closing Date (the **Trust Deed**). The Notes of each Class will rank *pari passu* and rateably and without any preference or priority among themselves.

Status and Priority: Payments of interest in respect of the Class A Notes will rank ahead of payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest in respect of the Class B Notes will rank ahead of payments of interest in respect of the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest of the Class C Notes will rank ahead of payments of interest in respect of the Class D Notes and the Class E Notes. Payments of interest in respect of the Class D Notes will rank ahead of payments of interest in respect of the Class E Notes.

Repayments of principal in respect of the Class A Notes will rank ahead of repayments of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Repayments of principal in respect of the Class B Notes will rank ahead of repayments of principal in respect of the Class C Notes, the Class D Notes and the Class E Notes. Repayments of principal in respect of the Class C Notes will rank ahead of repayments of principal in respect of the Class D Notes and the Class E Notes. Repayments of principal in respect of the Class D Notes will rank ahead of repayments of principal in respect of the Class E Notes. Prior to redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, repayments of principal in respect of the Class E Notes will be made on each Interest Payment Date from (i) available Revenue Receipts after payment of all amounts ranking in priority to repayment of principal on the Class E Notes (but only in an amount such that the Principal Amount Outstanding in respect of the Class E Notes after such redemption is not greater than the relevant Class E Target Remaining Amount for such Interest Payment Date as set out in set out in **Condition 6.3**) and (ii)

available Principal Receipts after payment of all amounts ranking in priority to repayment of principal on the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero. After repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, any amounts standing to the credit of the Credit Enhancement Reserve Ledger on the GIC Account that are in excess of the Reserve Required Amount shall be used to repay the holders of the Class E Notes until the Principal Amount Outstanding of the Class E Notes is reduced to zero.

See *Cashflows* below.

Form of the Notes: Each Class of Notes will be in bearer form. The Temporary Global Notes and the Permanent Global Notes of each Class will be held by a common depository for Euroclear and Clearstream, Luxembourg. Interests in each Temporary Global Note will, upon certification as to non-U.S. beneficial ownership, be exchangeable for interests in a Permanent Global Note for that Class. The Permanent Global Note in respect of each Class will not be exchangeable for definitive Notes for that Class, save in certain limited circumstances.

The Notes will be in the specified denomination of €50,000 provided that, for so long as the Notes are represented by a Global Note and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable in minimum nominal amounts of €50,000 and integral multiples of €1,000 in excess thereof.

Ratings: It is expected that the Notes will, on issue, be assigned the following ratings:

<u>Class</u>	<u>S&P</u>	<u>Moody's</u>
Class A Notes	AAA	Aaa
Class B Notes	AA	Aa2
Class C Notes	A	A2
Class D Notes	BBB	Baa2
Class E Notes	BB	NR

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations.

Listing: Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and traded on its regulated market.

Further issues: The Issuer will be entitled at its option from time to time on any date, without the consent of the Noteholders, to raise further funds (pursuant to **Condition 16.1**) by the creation and issue of further Notes of any Class (the **Further Notes**) which will be in bearer form and carry the same terms and conditions in all respects as such Class (save as to the first interest period, the first interest payment date and the initial principal amount outstanding), and so that the same shall be consolidated and form a single series and rank *pari passu* with the relevant Class of Notes.

It is a condition precedent to the issue of any Further Notes that:

- (a) the aggregate principal amount of all Further Notes to be issued on such date is not less than €5,000,000;
- (b) any Further Notes are assigned the same ratings by the Rating Agencies as are then applicable to the Class of Notes with which they are to be consolidated and form a single series;
- (c) the ratings of each Class of Notes at that time outstanding are not adversely affected as a result of such issue of Further Notes and none of such ratings is lower than it was upon the date of issue of any of the Notes; and
- (d) application will be made, in respect of the Further Notes, for such notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange or, if the Notes then outstanding are no longer admitted to and listed on that exchange, such exchange, if any, on which the Notes then issued are admitted to and listed on.

The Issuer will also be entitled at its option from time to time on any date, without the consent of the Noteholders, to raise further funds (pursuant to **Condition 16.2**) by the creation and issue of one or more Classes of notes (**Replacement Notes**), the proceeds from the issuance of which will be used to redeem one or more Classes of Notes then outstanding. Replacement Notes will have the same terms and conditions in all respects as the Class of Notes which it replaces (except for the rate of interest applicable to such Replacement Notes which, if not the same, must be lower than the rate of interest applicable to the Class of Notes being replaced) and security ranking as the Class of Notes which it replaces, and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the Class of Notes which it replaces. The conditions precedent outlined in paragraphs (a), (c) and (d) above must be met in respect of the Replacement Notes to be issued.

The Issuer will also be entitled at its option from time to time on any date, without the consent of the Noteholders, to raise further funds (pursuant to **Condition 16.3**) by the creation and issue of notes of a new Class (the **New Notes**) which will be in bearer form and which may rank *pari passu* (or otherwise) with any Class or Classes of the Notes (provided that such New Notes cannot rank ahead of the Class A Notes), but which do not form a single series with any Class of the Notes, provided that the conditions precedent outlined in paragraphs (a), (c) and (d) above are and will be met in respect of New Notes to be issued in these circumstances.

Currency Hedge Agreements:

The Issuer will enter into five currency hedge agreements with the Currency Hedge Provider (each, a **Currency Hedge Agreement**) to hedge itself against exchange rate risk arising due to changes in the exchange rate between Swedish Kronor and Euro.

There will be a separate Currency Hedge Agreement in relation to each of the Class A Notes (the **Class A Currency**

Hedge Agreement), the Class B Notes (the **Class B Currency Hedge Agreement**), the Class C Notes (the **Class C Currency Hedge Agreement**), the Class D Notes (the **Class D Currency Hedge Agreement**) and the Class E Notes (the **Class E Currency Hedge Agreement**, and together with the Class A Currency Hedge Agreement, the Class B Currency Hedge Agreement, the Class C Currency Hedge Agreement and the Class D Currency Hedge Agreement, the **Currency Hedge Agreements**). The rate at which Swedish Kronor are exchanged into Euro (or vice versa) (the **Currency Exchange Rate**) will be set on or prior to the Closing Date. However, the rate of interest by reference to which the Currency Hedge Provider makes payments to the Issuer will, in the case of each Currency Hedge Agreement, be calculated by reference to Note EURIBOR.

On the Closing Date, the Issuer will receive the proceeds of the subscription for the Notes in Euro. The repayments to the Facility Provider and the Subordinated Loan Lender under the Existing Note Issuance Facility Agreement and the Existing Subordinated Loan Agreement, respectively, and the amounts standing to the credit of the Credit Enhancement Reserve will be in Swedish Kronor. The Issuer will pay to the Currency Hedge Provider the net proceeds for each Class of the Notes under the relevant Currency Hedge Agreements and will receive from the Currency Hedge Provider amounts in Swedish Kronor equivalent to such amounts of Euro at the Currency Exchange Rate.

On each Interest Payment Date, the Issuer will pay to the Currency Hedge Provider an amount in Swedish Kronor calculated by reference to one month STIBOR (plus a margin) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period (with the Principal Amount Outstanding of the Notes of the relevant Class being converted from Euro to Swedish Kronor at the Currency Exchange Rate). In return, the Currency Hedge Provider will pay on each Interest Payment Date to the Principal Paying Agent (on behalf of the Issuer) an amount denominated in Euro calculated by reference to Note EURIBOR (plus the margin on the Notes of the relevant Class) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period.

Under the terms of each of the Currency Hedge Agreements, in the event that the ratings of the Currency Hedge Provider or, if relevant, its relevant Credit Support Provider (as defined in the relevant Currency Hedge Agreement), are downgraded by S&P or Moody's, as applicable, below the Currency Hedge Provider Requisite Ratings, the Currency Hedge Provider may, in accordance with the relevant Currency Hedge Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the relevant Currency Hedge Agreement, arranging for its obligations under the relevant Currency Hedge Agreement to be transferred to a third party, procuring another person to become co-obligor in respect of its obligations under the relevant Currency Hedge Agreement or taking such other action as it may agree with S&P and/or Moody's.

Final redemption: Unless previously redeemed in full, the Notes will mature on the Final Maturity Date.

Portfolio replenishment/target redemption in part: From (and including) the Closing Date to (and including) the Revolving Period End Date, on each Interest Payment Date available Principal Receipts will be applied by the Issuer in payment of the Initial Purchase Price for any Additional Promissory Notes (including any Transferred Promissory Notes which were repurchased by the Originator in connection with a further advance) acquired by the Issuer from the Sellers (but only after the Issuer has paid or provided for: (i) repayment of the Class A Notes on each Interest Payment Date (but only in an amount such that the Principal Amount Outstanding in respect of the Class A Notes after such redemption is not greater than the relevant Class A Target Remaining Amount for such Interest Payment Date as set out in **Condition 6.2**) and (ii) if the Sellers so direct the Issuer, an amount up to the Retained Amount to be credited to the GIC Account). The Principal Amount Outstanding of the Class E Notes shall (unless all other Notes have been repaid in full) only be repaid on each Interest Payment Date from Revenue Receipts and only in an amount such that the Principal Amount Outstanding in respect of the Class E Notes after such redemption is not greater than the relevant Class E Target Remaining Amount for such Interest Payment Date as set out in **Condition 6.3**.

During the Revolving Period, payments of principal on the Class A Notes and the Class E Notes will be subject to scheduled redemption in part on each Interest Payment Date such that the Principal Amount Outstanding in respect of the relevant Class of Notes after such redemption is not greater than the relevant Target Remaining Amount (as defined in **Condition 6.4 (Target Remaining Amounts)** for such Interest Payment Date. Failure to reduce the Principal Amount Outstanding of the relevant Class of Notes in an amount equal to the relevant Target Remaining Amount on any Interest Payment Date will not constitute a Note Event of Default.

To the extent that on any Calculation Date there are Excess Principal Receipts standing to the credit of the GIC Account after payment of the Initial Purchase Price for the acquisition of Additional Promissory Notes from the Sellers during the preceding Calculation Period, such Excess Principal Receipts less the Retained Amount will be applied to further redeem the Notes of each Class in full on the immediately succeeding Interest Payment Date.

To the extent that, on any Interest Payment Date (provided that such Interest Payment Date falls on or after the Step-Up Date), there are excess Revenue Receipts after crediting to the GIC Account against the Credit Enhancement Reserve Ledger of an amount up to the requisite Reserve Required Amount, such excess moneys will be applied to further redeem the Notes of each Class in full (other than the Class E Notes) and then to pay subordinated amounts in accordance with the Pre-Enforcement Revenue Priority of Payments or,

as applicable, the Post-Enforcement/Pre-Acceleration Priority of Payments.

To the extent that on any Interest Payment Date prior to the Step-Up Date there are excess Revenue Receipts after crediting to the GIC Account against the Credit Enhancement Reserve Ledger of an amount up to the requisite Reserve Required Amount, such excess moneys will be applied in or towards payment of subordinated amounts in accordance with the Pre-Enforcement Revenue Priority of Payments or, as applicable, the Post-Enforcement/Pre-Acceleration Priority of Payments.

Optional redemption in whole: On any Interest Payment Date, the Issuer may, in accordance with **Condition 6.6 (Optional Redemption)**, provided that it has satisfied the Note Trustee that it has sufficient funds available to it, at its option, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding, together with accrued interest, in any of the following circumstances:

- (a) any withholding tax is imposed in respect of the Notes or in respect of any payments to be made under any Currency Hedge Agreement or in respect of any payment by a Customer under the Transferred Promissory Notes; and/or
- (b) on the Step-Up Date or on any Interest Payment Date thereafter; and/or
- (c) the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date.

No purchase of Notes by the Issuer: . . . The Issuer will not be permitted to purchase any of the Notes.

Interest rates: Each Class of Notes will initially bear interest calculated as the sum of the EURIBOR Screen Rate (as defined in **Condition 4.3 (Rate of Interest)**) for one month euro deposits (**Note EURIBOR**) plus the relevant Margin.

The interest rate margin applicable to each Class of Notes up to (but excluding) the Step-Up Date (each, a **Margin**) will be as follows:

<u>Class</u>	<u>Margin up to (but excluding) the Interest Payment Date falling in June 2011 (% p.a.)</u>
Class A Notes	0.14
Class B Notes	0.33
Class C Notes	0.58
Class D Notes	0.88
Class E Notes	3.00

The interest rate margin applicable to each Class of Notes from (and including) the Step-Up Date (each, a **Margin**) will be as follows:

Class	Margin from (and including) the Interest Payment Date falling in June 2011 (% p.a.)
Class A Notes	0.28
Class B Notes	0.66
Class C Notes	1.16
Class D Notes	1.76
Class E Notes	4.00

Interest Payments: Interest on the Notes will be payable monthly in arrear in Euro on each Interest Payment Date.

Deferral of Interest: The Noteholders (other than the holders of the Most Senior Class of Notes outstanding) will only be entitled to receive payment of interest on any Interest Payment Date to the extent that the Issuer has funds available for such purpose (and any other items ranking *pari passu* therewith) after making payment on such Interest Payment Date of any liabilities due for payment and ranking in priority to that Class of Notes, as described in the section “Cashflows”. Any interest not paid on any Class of Notes (other than the Most Senior Class of Notes then outstanding) when due will accrue interest and, together with such accrued interest, will be paid on subsequent Interest Payment Dates to the extent that the Issuer has funds available for such purpose (and any other items ranking *pari passu* therewith), after paying in full on such Interest Payment Date all payments ranking in priority thereto. Failure to pay interest due and payable on the Most Senior Class of Notes outstanding at any time will constitute a Note Event of Default. All deferred interest will be due and payable on the Final Maturity Date and cannot be deferred beyond that date.

Issue Price: Each Class of the Notes will be issued at 100 per cent. of the aggregate initial Principal Amount Outstanding of the Notes.

Withholding Tax: **Payments of interest and principal will be made subject to any applicable withholding or deduction for or on account of tax (if any), without the Issuer being obliged to pay any additional amounts in respect of any such withholding or deduction.** See further “United Kingdom and Jersey Taxation” below.

Start-Up Expenses: On or prior to the Closing Date, the Issuer, the Security Trustee and the Start-up Loan Provider will enter into an agreement (the **Start-up Loan Agreement**) pursuant to which the Start-up Loan Provider will provide a loan to the Issuer for the payment of certain expenses in connection with the issue of the Notes (the **Start-Up Expenses**).

Security for the Notes: The Issuer will grant the following security (the **Issuer Security**) in respect of the Issuer’s obligations to the Secured Parties (the **Secured Obligations**) in favour of the Security Trustee who will hold such security on trust for the benefit of itself and the other Secured Parties:

1. a Swedish Security Agreement between, *inter alios*, the Issuer and the Security Trustee for the benefit of the Security Trustee, the Noteholders and all of the other

Secured Parties, which will create the following Swedish law governed security (the **Swedish Security Assets**):

- (a) a first ranking security over all present and future claims under any and all of the Transferred Promissory Notes that the Issuer acquires from time to time from the Sellers (to the extent not retransferred to the Originator pursuant to the Loan Transfer Agreements) and over such Transferred Promissory Notes in their physical form, evidencing such claims (which includes, for the avoidance of doubt, any claim in relation to any increase of the principal of a loan made under a Transferred Promissory Note);
 - (b) a first ranking security over the Issuer's rights, title and interest, both present and future, in and to the Insurance Proceeds (as defined below) from time to time held by the Originator;
 - (c) a first ranking security over the GIC Account and all funds held on the GIC Account from time to time; and
 - (d) a first ranking security over the Issuer's rights, title, interest and benefit, present and future, in, to or under the Loan Transfer Agreements, the Servicing Agreement, the Standby Servicing Agreement, the Standby Facilitator Agreement, the Servicing Transfer Agreement, the Bank Account Agreement, the Recall Agreement, the Start-up Loan Agreement and any other Transaction Document (together, the **Swedish Law Agreements**) to the extent such Transaction Document or any of the rights and obligations thereunder are deemed to be situated in Sweden;
2. a Jersey Security Agreement between, *inter alios*, the Issuer and the Security Trustee for the benefit of the Security Trustee, the Noteholders and all of the other Secured Parties, which will create a first priority Jersey law security interest over the Issuer's right, title, interest and benefit, present and future, in, to and under the Corporate Services Agreement and any other Transaction Document to the extent such Transaction Document or any of the rights and obligations thereunder are deemed to be situated in Jersey (the **Jersey Security Assets**);
 3. an English Deed of Charge between, *inter alios*, the Issuer, the Note Trustee and the Security Trustee for the benefit of the Security Trustee, the Noteholders and all of the other Secured Parties, which will create the following English law security (the **English Security Assets**):
 - (a) an assignment by way of first fixed security over the Issuer's right, title, interest and benefit, present and future, in, to and under the Trust Deed, the Agency Agreement, the Cash Management Agreement, the Currency Hedge Agreements, the Subscription Agreement and any other Transaction Document to the extent such Transaction Document or any of the

rights and obligations thereunder are deemed to be situated in England; and

- (b) a floating charge over all of the undertaking, property, rights and assets, both present and future, of the Issuer (including without limitation its uncalled capital), other than any property or assets effectively pledged or assigned pursuant to the Swedish Security Agreement or the Jersey Security Agreement or already subject to the fixed security mentioned in paragraph (a) above.

The security interests referred to in **paragraph (a)** above may take effect as floating security and thus rank behind the claims of certain preferential and other creditors.

Upon the enforcement of the Issuer Security but prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Acceleration Priority of Payments. Please see “*Cashflows*” below for further details.

Monthly Reporting: On each Calculation Date, the Cash Manager will be required to determine the details of the balances of the GIC Account and details of the balances of the Principal Deficiency Ledgers.

On each Interest Payment Date (based on information available to the Cash Manager on the Calculation Date immediately preceding the relevant Interest Payment Date), the Cash Manager will be required to deliver to the Issuer, the Security Trustee, the Note Trustee, the Paying Agents and the Rating Agencies a report (the **Monthly Report**) in respect of the immediately preceding Calculation Period. Each Monthly Report will contain details of the performance of the Transferred Promissory Notes in the Portfolio, all amounts received in the GIC Account and payments made in respect of the Notes. In addition, on the Interest Payment Date following the date that the annual audit of the Originator is completed (which shall occur prior to or within 1 month of each anniversary of the Closing Date), the Cash Manager shall confirm in the Monthly Report that such audit has been completed and whether there were any adverse findings against the management of the Originator.

Principal Deficiency Ledgers: If, on any Interest Payment Date, Revenue Receipts are insufficient to enable the Issuer to pay interest (in accordance with the Pre-Enforcement Revenue Priority of Payments) on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (but not the Class E Notes) or amounts ranking in priority thereto, then the Issuer will apply Principal Receipts to make up the shortfall in accordance with the Pre-Enforcement Principal Priority of Payments. However, there can be no assurance that if a revenue deficiency arises, sufficient Principal Receipts will be received by the Issuer to

cure such revenue deficiency. See further “*Cashflows – Pre-Enforcement Principal Priority of Payments*”.

The Cash Manager will be required to maintain in the books of the Issuer certain ledgers (the **Principal Deficiency Ledgers**) in respect of each Class of Notes (other than the Class E Notes) to record, by way of debit entry from time to time an amount equal to the Principal Receipts applied on any Interest Payment Date in accordance with paragraph (a) of the Pre-Enforcement Principal Priority of Payments equal to the Revenue Deficit on such date and/or the amount of Losses (as defined below) in respect of outstanding Transferred Promissory Notes (the amount of each entry, a **Principal Deficiency**).

Losses means any Transferred Promissory Notes which are written-off entirely (which will be, in respect of any Transferred Promissory Note, either when a Customer’s payment is six months in arrears or, in respect of deceased Customers, when such Customer’s payment is four months in arrears (or earlier if complete information about the estate is received)).

Losses in respect of a Transferred Promissory Note will be notified to the Cash Manager and the Issuer by the Servicer following completion of all enforcement procedures in respect of that Transferred Promissory Note.

Debits will be made in the following order of priority:

- (i) to the ledger designated the **Class D Principal Deficiency Ledger**, until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class D Notes;
- (ii) to the ledger designated the **Class C Principal Deficiency Ledger**, until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class C Notes;
- (iii) to the ledger designated the **Class B Principal Deficiency Ledger**, until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class B Notes; and
- (iv) to the ledger designated the **Class A Principal Deficiency Ledger** until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class A Notes.

These Principal Deficiencies may be reduced by the subsequent application of Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, which provides that, subject to the payment of prior ranking obligations, Revenue Receipts will be first credited to the Class A Principal Deficiency Ledger, secondly (once the balance on the Class A Principal Deficiency Ledger is reduced to nil) to the Class B Principal Deficiency Ledger, thirdly (once the balance on the Class B Principal Deficiency Ledger is reduced to nil) to the Class C Principal Deficiency Ledger and fourthly (once the balance on the Class C Principal Deficiency Ledger is reduced to nil) to the Class D Principal Deficiency Ledger.

Governing law: The Notes will be governed by English law.

Bank Accounts: The Issuer will hold two bank accounts to deal with cash flows throughout the period while the Notes are outstanding:

- (i) an account denominated in Kronor (the **GIC Account**) held with the Account Bank in Sweden, into which all amounts received by the Issuer in Kronor (including all amounts received in respect of the Transferred Promissory Notes) will be paid and from which the Issuer will make all payments required to be made by it in Kronor; and
- (ii) an account denominated in Kronor (the **Transaction Account**) held with the Account Bank in Sweden, into which a Float Amount will be deposited in an amount which will not exceed SEK 500,000, which shall be used by the Issuer to meet certain amounts payable to unsecured creditors.

The Transaction Account will not be secured pursuant to the terms of the Swedish Security Agreement.

Pursuant to the Bank Account Agreement, funds standing to the credit of the GIC Account will accrue interest at a minimum rate of STIBOR for a period of seven days (**STIBOR 7**) minus 0.20 per cent. per annum.

To enable the Issuer to meet certain of its obligations under the Revenue Priority of Payments (other than amounts due on the Notes, which shall be exchanged pursuant to the Currency Hedge Agreements) to the extent they are denominated in a currency other than Swedish Kronor, the Account Bank will agree to exchange Swedish Kronor amounts into the relevant currencies at the then prevailing spot rate.

The Credit Enhancement Reserve

Ledger: The Issuer will maintain a reserve ledger (the **Credit Enhancement Reserve Ledger**) which shall record the amount up to the Reserve Required Amount standing to the credit of the GIC Account pursuant to the terms of the Cash Management Agreement. The opening balance of the Credit Enhancement Reserve Ledger will be the SEK equivalent of €7,550,000 (converted at the Currency Exchange Rate) (the **Initial Reserve Amount**).

The Reserve Required Amount shall be funded out of (i) available Revenue Receipts (but subject to payment of amounts ranking in priority thereto in the Pre-Enforcement Revenue Priority of Payments to replenishment or increase of the Credit Enhancement Reserve) and (ii) the Initial Reserve Amount (which shall be funded from the proceeds of the issue of the Class E Notes (converted into Swedish Kronor at the Currency Exchange Rate)).

RISK FACTORS

The following is a summary of certain aspects of the issue of the Notes and the related transactions about which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out in this Offering Circular and reach their own views prior to making any investment decision. If you are in any doubt about the contents of this Offering Circular you should consult an appropriate professional adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

A. Considerations relating to the Notes

Risks relating to the business of Nordax Finans AB (publ)

The Issuer has acquired the Completion Portfolio from Nordax and may acquire Additional Promissory Notes either directly from Nordax or from SCL3 (which in turn also acquires Promissory Notes from Nordax). Accordingly, the Issuer is dependent on the business of Nordax to originate loans to be acquired by it. The Issuer will therefore be affected by general economic and business conditions which affect Nordax, including changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation and political changes.

Liability under the Notes

The Notes will be solely obligations of the Issuer and will not be the responsibility of, or guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Note Trustee, the Security Trustee, the Managers, the Currency Hedge Provider, the Originator, the Sellers, the Servicer, the Cash Manager, the Service Provider, the Standby Servicer, the Standby Facilitator, the Paying Agents, the Agent Bank, the Start-up Loan Provider, the Account Bank, the Share Trustee or the Corporate Services Provider or any other company in the same group of companies as, or affiliated to, any of such entities.

Limited recourse of the Issuer

The Notes will be limited recourse obligations of the Issuer. Further, the assets of the Issuer will themselves be limited. The ability of the Issuer to meet its obligations under the Notes will be dependent primarily upon the receipt by it of principal and interest from the Customers under the Transferred Promissory Notes (see further “*Considerations relating to the Promissory Notes*” below), the extent and availability of the Credit Enhancement Reserve and the receipt of funds from the Currency Hedge Provider. Other than the foregoing and any interest earned by the Issuer in respect of its bank accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes.

Upon enforcement of the Issuer Security, the Security Trustee or any receiver will have recourse only to the assets of the Issuer (comprising, principally, the Transferred Promissory Notes). Other than the buy-back provisions in the Loan Transfer Agreements for breach of certain warranties relating to the Transferred Promissory Notes, neither the Issuer nor the Security Trustee will have any recourse to the Originator, the Sellers or the Servicer or (if applicable) the Standby Servicer or any replacement Standby Servicer.

The terms of the documents will, however, provide for the Issuer to be a “special purpose entity”, with no business operations other than the issue of the Notes, the entering into of the Transaction Documents and the transactions ancillary thereto.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payments of principal (including prepayments) on the Transferred Promissory Notes in the Portfolio, sale proceeds arising on enforcement of a Transferred Promissory Note, repurchases by SCL3 due to breaches of certain warranties relating to the Transferred Promissory Notes under the SCL3 Loan Transfer Agreement and repurchases by the Originator (including voluntary repurchases and repurchases due to breaches of certain warranties relating to the Transferred Promissory Notes under any of the Loan Transfer Agreements or a further advance being made by the Originator in respect of a Transferred Promissory Note). Each of the Sellers will use reasonable efforts to sell Additional Promissory Notes to the Issuer during the Revolving Period.

The rate of prepayment of the Promissory Notes cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the retail lending market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that the Portfolio will experience. See the section entitled “*Estimated Average Lives of the Notes*”.

Absence of secondary market; limited liquidity

There is not, at present, an active and liquid secondary market for the Notes, nor can there be any assurance that a secondary market for the Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Notes or it may leave Noteholders with illiquidity of investment. Illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes. Any Class of Notes may experience illiquidity, although generally illiquidity is more likely to occur in respect of Classes that are especially sensitive to prepayment, credit or interest rate risk or that have been structured to meet the investment requirements of limited categories of Noteholders.

Ratings of Notes

The ratings assigned to each Class of Notes by the Rating Agencies are based on the Portfolio and other relevant structural features of the transaction, including, among other things, the long or short term, unsecured and unsubordinated debt ratings of the Account Bank and the Currency Hedge Provider. These ratings reflect only the view of the respective Rating Agencies. The ratings address the likelihood of full and timely payment to the Class A Noteholders, Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders of all payments of interest on the Class A Notes, Class B Notes, the Class C Notes, Class D Notes and the Class E Notes on each Interest Payment Date and the full and ultimate payment of principal in respect of such Notes on the Final Maturity Date. **A security rating is not a recommendation to buy, sell or hold securities and will depend, amongst other things, on certain underlying characteristics of the Issuer’s business from time to time.** There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any of them) as a result of changes in or unavailability of information or if, in any Rating Agency’s judgement, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or liquidity of any Class of Notes.

Rating agencies other than the Rating Agencies may seek to rate the Class A Notes, Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes without having been requested to do so by the Issuer, and if such “unsolicited ratings” are lower than the comparable rating assigned to the Class A Notes, Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes by the Rating Agencies, such shadow ratings could have an adverse effect on the value of the Class A Notes, Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes. For the avoidance of doubt, and unless the context otherwise requires, any references to “ratings” or “rating” in this Offering Circular are to solicited ratings assigned by the Rating Agencies only. Future events also, including but not limited to events affecting the Portfolio and/or the retail lending market generally, could have an adverse impact on the ratings of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes.

Income and Principal Deficiency

If, on any Interest Payment Date, Revenue Receipts are insufficient to enable the Issuer to pay interest (in accordance with the Pre-Enforcement Revenue Priority of Payments) on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (but not the Class E Notes) or amounts ranking in priority thereto, then the Issuer will apply Principal Receipts to make up the shortfall in accordance with the Pre-Enforcement Principal Priority of Payments. See further “*Cashflows – Pre-Enforcement Principal Priority of Payments*”.

Any such application of Principal Receipts will result in a Principal Deficiency and a corresponding debit will be made to the appropriate Principal Deficiency Ledger (see the section “*Cashflows – Ledgers*”).

These Principal Deficiencies may be reduced by the subsequent application of Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, which provides that, subject to the

payment of prior ranking obligations, Revenue Receipts will be first credited to the Class A Principal Deficiency Ledger and secondly (once the balance on the Class A Principal Deficiency Ledger is reduced to nil) to the Class B Principal Deficiency Ledger and thirdly (once the balance on the Class B Principal Deficiency Ledger is reduced to nil) to the Class C Principal Deficiency Ledger and fourthly (once the balance on the Class C Principal Deficiency Ledger is reduced to nil) to the Class D Principal Deficiency Ledger.

In any event, there can be no assurance that: (i) if a revenue deficiency arises, sufficient Principal Receipts will be received by the Issuer and available in accordance with the Pre-Enforcement Principal Priority of Payments to cure such revenue deficiency; or (ii) sufficient Revenue Receipts will be received by the Issuer and available in accordance with the Pre-Enforcement Revenue Priority of Payments to cure any debit balance on the Principal Deficiency Ledgers.

If there are any income or principal deficiencies, then either of the following consequences may arise:

- (a) the interest and other income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, amounts under the relevant Currency Hedge Agreement to fund payments of interest due to holders of each Class of Notes; and/or
- (b) there may be insufficient funds to redeem each Class of Notes prior to or at any time on or after the Final Maturity Date.

Subordination of Class B Notes, Class C Notes, Class D Notes and Class E Notes

Payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class A Notes. Further, payments of principal and interest in respect of the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class B Notes. Further, payments of principal and interest in respect of the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class C Notes. Further, payments of principal and interest in respect of the Class E Notes will be subordinated to payments of principal and interest in respect of the Class D Notes.

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds to make payment in full of interest due on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, then the Issuer will be entitled (under **Condition 15 (Subordination by Deferral)**) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. This will not constitute a Note Event of Default. If there are no Class A Notes then outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes, the Class D Notes and the Class E Notes only. If there are no Class A Notes and no Class B Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class D Notes and the Class E Notes only. If there are no Class A Notes, Class B Notes or Class C Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class E Notes only. If there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class E Notes.

In addition, prior to the service of an Acceleration Notice and repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, Revenue Receipts shall be used to credit the Credit Enhancement Reserve Ledger in an amount up to the requisite Reserve Required Amount. After the repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, any amounts standing to the credit of the Credit Enhancement Reserve Ledger on the GIC Account shall be applied solely to repay the holders of the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero.

The terms on which the Issuer Security will be held will provide that, both before and after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, certain payments (including all amounts payable to any receiver, the Note Trustee and the Security Trustee, certain amounts due from the Issuer to the Servicer, the Standby Servicer, the Standby Facilitator, the Cash Manager, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank and all payments due to the Currency Hedge Provider under the Currency Hedge Agreements (other than Subordinated Currency Hedge Amounts)) will be made in priority to payments in respect of interest and principal on the Notes.

The Class A Notes and the Class E Notes will be subject to scheduled redemption in part on each Interest Payment Date in an amount such that the Principal Amount Outstanding in respect of the relevant Class

of Notes after such redemption is not greater than the relevant Target Remaining Amount for such Interest Payment Date. Failure to reduce the Principal Amount Outstanding of the Class A Notes and/or the Class E Notes in an amount equal to the relevant Target Remaining Amount on any Interest Payment Date will not constitute a Note Event of Default.

Conflict of interests between Classes of Noteholders

The Note Trustee will be required, in performing its duties as trustee under the Trust Deed and in directing the Security Trustee to perform its duties as trustee under the English Deed of Charge, the Swedish Security Agreement and/or the Jersey Security Agreement, to have regard to the interests of all the Classes of Noteholders together. However, if (in the sole opinion of the Note Trustee) there is a conflict between the interests of the holders of one or more Classes of Notes and the interests of the holders of one or more other Classes of Notes, then the Note Trustee will be required in certain circumstances to have regard only to the interests of the holders of the Most Senior Class (as defined in **Condition 9.1**) of Notes then outstanding. For all purposes when the Note Trustee performs its duties under the Trust Deed and/or directs the Security Trustee in relation to the performance of its duties under the English Deed of Charge, the Swedish Security Agreement and/or the Jersey Security Agreement, the interests of individual Noteholders will be disregarded and the Note Trustee will determine interests viewing the holders of any particular Class of Notes as a whole.

Conflict of interests between the Noteholders and the Secured Parties

The Security Trustee will be required, in performing its duties as trustee under the English Deed of Charge, the Swedish Security Agreement and the Jersey Security Agreement, to have regard to the interests of all the Noteholders together if so directed by the Note Trustee (so long as there are any Notes Outstanding) and shall not, while any of the Notes remain outstanding, be required to have regard to the interests of any other Secured Party.

Modifications, authorisations and waivers

The Security Trustee may agree to any modification to any Transaction Document (but only in the case of any modification to the Notes or any provision of the Transaction Documents setting out the relevant Priority of Payments where such modification may, in the reasonable opinion of the Security Trustee, result in the Currency Hedge Provider being required to pay more or entitled to receive less than it would in the absence of such modification, with the prior written consent of the Currency Hedge Provider) or waive or authorise any breach or proposed breach of the Transaction Documents or give its consent or approval to any event, matter or thing (other than where a Transaction Document Document specifies that the Security Trustee is required to give its consent or approval to that event, matter or thing if certain specified conditions are satisfied, where the Security Trustee will only give its consent or approval to that event, matter or thing upon being satisfied that those specified conditions have been satisfied), only if so directed by the Note Trustee. The Note Trustee may give such direction without the consent or sanction of the Noteholders, but only if and in so far as in its opinion the interests of all classes of the Noteholders shall not be materially prejudiced thereby.

Indemnification and Exoneration of the Note Trustee and the Security Trustee

Each of the Trust Deed, the English Deed of Charge, the Swedish Security Agreement and the Jersey Security Agreement will contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee or the Security Trustee, respectively, and providing for its indemnification in certain circumstances. These will include provisions relieving the Security Trustee from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to its satisfaction.

The Note Trustee and the Security Trustee and each of their related companies will be entitled to enter into business transactions with, *inter alia*, the Issuer and the Servicer, and/or related companies of any of them without accounting for any profit resulting therefrom. The Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Servicer or by a clearing organisation or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Trustee.

Each of the Note Trustee and the Security Trustee will be entitled to accept and rely on reports from professional advisers notwithstanding that the terms of engagement may contain limitations (including financial limitations) on the liability of the relevant professional adviser and notwithstanding that such reports may not be addressed to it.

Issuer reliance on third parties

The Issuer is also party to contracts with a number of third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Account Bank has agreed to provide the GIC Account and the Transaction Account to the Issuer pursuant to the Bank Account Agreement and the Principal Paying Agent, the Agent Bank and the Irish Paying Agent have agreed to provide agency services with respect to the Notes pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, Noteholders may be adversely affected.

Withholding Tax under the Notes

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Paying Agent or any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would entitle the Issuer to redeem the Notes in accordance with **Condition 6.7 (Optional redemption for taxation or other reasons)** at their then Principal Amount Outstanding if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

Searches, investigations and warranties

The Issuer has not made or caused to be made on its behalf all of the enquiries, searches or investigations which a prudent purchaser of assets such as the Portfolio would make (and will not do so) and the Security Trustee has made no such enquiries, searches or investigations. Each of the Issuer and the Security Trustee will rely on the representations and warranties made by the Sellers to be contained in the Loan Transfer Agreements (see *Summary of Transaction Documents – Loan Transfer Agreements* below for a summary of these). The Security Trustee's sole remedy against the Sellers in respect of breach of certain of the warranties shall be to require the Originator or, as the case may be, SCL3 to remedy the breach (to the extent the same is remediable) or to require the Originator or, as the case may be, SCL3 to repurchase the affected Transferred Promissory Notes pursuant to the relevant Loan Transfer Agreement. There can be no assurance that the Originator or SCL3 will have the financial resources to honour such obligations under the Loan Transfer Agreements. This may affect the quality of the Transferred Promissory Notes in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

Currency Exchange

Interest amounts in respect of each Class of Notes are payable in Euro and are calculable by reference to rates of interest based upon Note EURIBOR plus the relevant Margin (for that Class of Notes). However, interest on the Promissory Notes is payable in Swedish Kronor and interest is payable on a variable basis according to criteria which do not track the basis interest rates applicable to the Notes. Accordingly, fluctuations in interest rates and/or the Euro-Swedish Kronor exchange rate could result in the Issuer having insufficient funds to meet its obligations under the Notes.

In order to mitigate these risks, the Issuer will enter into the Currency Hedge Agreements. Pursuant to the Currency Hedge Agreements, the Issuer will pay to the Currency Hedge Provider amounts of Swedish Kronor calculable (i) by reference to one month STIBOR plus a margin (in respect of interest amounts) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period and (ii) by reference to the principal amount of the Notes to be redeemed at the beginning of the relevant Interest Period (in respect of redemptions of principal under the Notes) and will receive from the Currency Hedge Provider in respect of the Notes amounts of Euro calculable (i) by reference to Note EURIBOR plus a margin (in respect of interest amounts) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period and (ii) amounts of Euro calculable by reference to the principal amount of the Notes to be redeemed at the beginning of the relevant Interest Period (in respect of principal amounts). All amounts of Euro so receivable by the Issuer will be applied by it in making payments due under the Notes subject to and in accordance with the terms of the Cash Management Agreement and the English Deed of Charge.

However, no assurance can be given that the Issuer will receive all amounts to which it may be entitled pursuant to the Currency Hedge Agreements.

Termination Payments on the Currency Hedge Agreements

If the transactions under any of the Currency Hedge Agreements terminate, the Issuer may be obliged to make a termination payment to the Currency Hedge Provider. The amount of the termination payment will be based on the cost of entering into a replacement currency hedge agreement.

Except where the Currency Hedge Provider has caused the relevant Currency Hedge Agreement to terminate as a result of the Currency Hedge Provider's own default or failure to mitigate its ratings downgrade in accordance with the terms of the relevant Currency Hedge Agreement (in either case only to the extent that the amount received by the Issuer from the corresponding replacement currency hedge provider as premium paid by such replacement currency hedge provider to enter into a replacement currency hedge agreement is insufficient to discharge in full any termination payment due by the Issuer following termination of the relevant Currency Hedge Agreement), such termination payment (together with any extra costs incurred (for example, from entering into "spot" currency transactions)), will also rank in priority to the relevant Class of Notes.

Therefore, if the Issuer is obliged to make a termination payment to the Currency Hedge Provider or pay any other additional amounts as a result of the termination of the relevant Currency Hedge Agreement, this could reduce the Issuer's ability to service payments on the Notes.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, investors may be adversely affected.

B. Considerations relating to the Promissory Notes

Risks relating to the Kingdom of Sweden

Financial instruments issued by the government of Sweden are rated "Aaa" (long-term) and "P-1" (short-term) by Moody's and "AAA" (long-term) and A-1+ (short-term) by S&P. Relatively healthy public finances, a declining national debt and a competitive export sector, combined with a well educated labour force and a high standard of living are circumstances that signify the credit worthiness of Sweden. High tax rates and rigidities in labour and product markets are similarly also factors that may influence the creditworthiness of Sweden. Although Sweden has an ageing population, already implemented pension system reforms are considered to help insulate these costs from the rest of the state finances.

Late payment or non-payment

The Issuer's ability to make payments due under the Notes and in respect of its operational and administrative expenses will be dependent primarily upon its receiving payments from Customers in respect of the Transferred Promissory Notes in the Portfolio. Such payments are subject to currency exchange risks (see the sections headed "*Risk Factors – Currency Exchange*" above).

Matters which may influence retail lending delinquency rates, prepayment rates and receivership frequency and ultimate payment of interest and principal on the Transferred Promissory Notes include, but are not limited to, changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investment, political developments and government policies. Other factors specific to each Customer's individual circumstances, including financial position, may have an impact on the ability of such Customer to repay the relevant Transferred Promissory Note.

If, upon non-payment by Customers and the exercise of all available remedies under the Portfolio and after all available claims under any relevant insurance or assurance policy have been made and settled, the Issuer does not receive the full amount due by those Customers, then the Issuer's income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on each Class of the Notes. If there is a debit balance in any of the Principal Deficiency Ledgers as at the Final Maturity Date, the holders of the relevant Class(es) of Notes may receive by way of principal repayment less than the face value of their Notes.

However, the Credit Enhancement Reserve plus provisions for delinquent Transferred Promissory Notes and excess spread in the Portfolio are designed to mitigate the risk of the Issuer not receiving enough funds to pay interest due on each Class of Notes.

Prepayment of the Promissory Notes

The Consumer Credit Act (*Sw. Konsumentkreditlagen 1992:830*) (the **CCA**), which is the fundamental legislative source for consumer credits in Sweden, gives consumer borrowers a right to prepay variable

rate loans (such as the Promissory Notes), at any time, in part or in full, without incurring any compensatory charges. The CCA also gives the lender a right to demand early prepayment of a loan provided that it is set out in the terms of the relevant loan agreement and subject to certain circumstances related to, for example, payment delays (subject to certain grace periods) and decrease of the value of any security granted. Consequently, there can be no guarantee as to any particular rate or pattern at which the Notes will be redeemed.

Prepayments of the Promissory Notes as set out above may result in the Issuer having insufficient funds to meet its obligations under the Notes and/or the Notes being redeemed earlier than anticipated. However, during the Revolving Period, each of the Sellers will use reasonable efforts to sell Additional Promissory Notes to the Issuer.

Interest Rates under the Promissory Notes

Interest under the Promissory Notes is payable in Swedish Kronor and is variable according to criteria which do not track EURIBOR. Under the CCA, interest rate may only be adjusted by the lender to the detriment of the consumer borrowers to the extent that the adjustment can be justified by credit policy decisions, increased funding costs for the lender or other increased costs, which the lender could not reasonably have foreseen at the time when the loan agreement was entered into (these circumstances must be set out in the loan terms (and have been set out in the Promissory Notes) in order to apply). The lender is under an obligation to apply any interest rate adjustment provision in the same manner whether it is to the benefit or the detriment of the consumer borrower. Accordingly, fluctuations in the interest rates and/or the Euro-Swedish Kronor exchange rate could (if the Issuer is prevented from increasing the interest rate on the Promissory Notes) result in the Issuer having insufficient funds to meet its obligations under the Notes. However, such risks are mitigated by the Issuer entering into the Currency Hedge Agreements (see the section headed “*Risk Factors – Currency Exchange*”).

Insurance

The insurance policies are optional and approximately 30 per cent. of the Measured Portfolio (as defined below) were covered by insurance policies. The Insurance Premiums (corresponding to an additional 8 per cent. of the customer’s monthly payment of interest and principal) received from the Customers are split between the insurance companies and the Originator and are collected (together with the Customer’s monthly instalment) on the GIC Account. The portion belonging to the insurance companies is payable by the Issuer directly to the insurance companies. On each Interest Payment Date, prior to the application of the Issuer Available Funds by the Cash Manager in accordance with the relevant Priority of Payments, the Cash Manager (on behalf of the Issuer) shall pay the portion of any Insurance Premiums due and payable by the Issuer on such Interest Payment Date to the insurance companies.

Any Insurance Proceeds in respect of Transferred Promissory Notes are collected by the Originator on behalf of the Issuer and the Originator has an obligation to account to the Issuer and the Security Trustee for any such amount received on their behalf by promptly paying such amount into the GIC Account. Under Swedish law, such amounts which are held by the Originator and which relate to Transferred Promissory Notes and thus are available for separation into the GIC Account would be regarded as escrow funds (*Sw. redovisningsmedel*) in accordance with the Swedish Funds Accounting Act (*Sw. lag (1944:181) om redovisningsmedel*). Consequently, any such amounts of Insurance Proceeds which are held by the Originator and which are available for separation into the GIC Account would not, under Swedish law, be available to a creditor, a receiver in bankruptcy, a liquidator, an administrator or any third party of the Originator (provided that the Originator is not in delay with the separation).

Since the Originator is obliged to credit any Insurance Proceeds received on behalf of the Issuer to the GIC Account on each Business Day there is only a limited risk that the Insurance Proceeds being held by the Originator on behalf of the Issuer (and which have not been separated) would result in the Issuer having insufficient funds to meet its obligations under the Notes.

Unsecured nature of the Promissory Notes

As the obligations of each of the Customers under the Promissory Notes are unsecured, the Issuer’s claims thereunder will only rank equally with all other unsecured indebtedness of that Customer and will, in all cases, rank after all secured indebtedness of that Customer.

Servicing Arrangements

The Servicer

The Issuer's ability to make payments on the Notes will be dependent on the Servicer performing its obligations under the Servicing Agreement to, *inter alia*, collect amounts due and payable by Customers and to manage and allocate the amounts collected from the Customers. There can be no assurance that the Servicer will diligently perform its obligations. The appointment of Nordax Finans AB (publ) as Servicer under the Servicing Agreement may be terminated as a result of, among other things, a default by it in performing its obligations under the Servicing Agreement, its insolvency or if notice of termination is given by it.

If the appointment of Nordax Finans AB (publ) as Servicer is terminated, the Standby Servicer shall assume the role of the Servicer. There can be no assurance that the Standby Servicer will diligently perform its obligations. If the appointment of the Standby Servicer is terminated, the Standby Facilitator will facilitate the appointment of a substitute standby servicer. Although the Standby Facilitator has entered into the Standby Facilitator Agreement, there is no guarantee that a substitute standby servicer will be found who would be willing and able to administer the Transferred Promissory Notes in accordance with the terms of the Standby Servicing Agreement. In particular, the Security Trustee will not act as such substitute standby servicer. It should be noted that any substitute standby servicer may charge for the servicing provided on a basis different from either that of the Servicer or the Standby Servicer and that all such fees will rank senior to payments in respect of the Notes.

Conflicts of interest

Various potential and actual conflicts of interest may arise from the overall activities of the Servicer. In particular, it should be noted that the Servicer is the same entity as the Originator. No provision in the Servicing Agreement prevents the Servicer or any of its affiliates from rendering services of any kind to or investing or dealing with or providing other services to or entering into any arrangements with any other person or entity.

The Servicer currently provides and will continue in the future to provide services to the Issuer. In the course of managing and administering the Portfolio, the Servicer may consider its relationships with other clients. In providing services to other clients, the Servicer may recommend activities that may compete with, or otherwise adversely affect, the Issuer or the Noteholders. The Servicer shall not be liable for any such conflicts of interest and shall not be liable to account for any profit.

Enforcement in Sweden

The Swedish Enforcement Authority (*Sw. Kronofogdemyndigheten*) is the governmental body responsible for carrying out enforcement orders over assets in Sweden, including those for the collection of unpaid debts, whether secured or unsecured. A creditor begins the enforcement process by obtaining an enforcement order either from the Enforcement Authority (in the form of a payment order (*Sw. betalningsföreläggande*)) or from the courts. A debtor may challenge the application for the enforcement order, or appeal the order itself, in which case the matter is referred to the courts. Upon obtaining an enforcement order against a debtor, the creditor may apply to the Enforcement Authority for enforcement of his claim in accordance with the procedures set out in the Swedish Enforcement Code (*Sw. Utsökningsbalken (1981:774)*) and for the Enforcement Authority to make either a full or a limited investigation of the assets of the debtor. The former investigation includes most types of assets and the latter includes only an investigation of the debtor's salary and if there is any tax refunds due to the debtor. Upon the Enforcement Authority having concluded if there are assets available for attachment (*Sw. utmätning*), the Enforcement Authority will arrange a sale of assets by public auction, or, as applicable, garnishment of earnings such as salaries, pensions or other benefits.

If, upon completion of the enforcement procedures, the Issuer does not receive the full amount due by the Customers, then the Issuer's income may not be sufficient to meet its obligations under the Notes.

Debt rescheduling

According to the Debt Rescheduling Act (*Sw. Skuldsaneringslag (1994:334)*) a debtor may, if he is a private individual resident in Sweden, wholly or partly be discharged from payment liabilities for debts that are included in the debt rescheduling. The measure includes all the debtor's debts that have arisen

prior to the date of the decision to begin the debt rescheduling with the result that the relevant creditor(s) loses its right to interest or default fees after the decision to commence debt rescheduling. The debt rescheduling includes a determination of the debts included, their right of priority, the amount to be split among the creditors and a payment plan outlining when and how the remaining part of each creditor's claim will be repaid. The debt rescheduling is either voluntary and resolved by the Swedish Enforcement Authority (*Sw. Kronofogdemyndigheten*) or mandatory and ordered by court. Debt rescheduling can be granted if (i) the debtor is insolvent and so indebted that he has no capacity to pay his debts in the foreseeable future and (ii) it is reasonable with respect to the debtor's personal and economic situation that debt rescheduling is granted.

Consequently, if debt rescheduling results in Customers not being responsible for payments of their debts to the Issuer, this could affect the Issuer's capacity to meet its obligations under the Notes. However, from February 2004 (being the date on which Nordax started offering loans to consumers in Sweden) until 31 May 2006, none of its Customers have been granted debt rescheduling.

Section 36 of the Swedish Contracts Act

A contract term or condition may pursuant to section 36 of the Swedish Contracts Act (*Sw. Lag (1915:218) om avtal och andra rättshandlingar på förmögenhetsrättens område*) be modified or set aside if such term or condition is unreasonable with consideration to the circumstances relating to the entering into the agreement, later events or other circumstances. Where a provision of the contract is of such significance to the contract that it would be unreasonable to provide for the continued enforceability of the contract with its terms unchanged, the contract may be modified or set aside in its entirety. It is explicitly stated that, in the application of this provision, special consideration shall be given to the need for protection for consumers or parties who otherwise occupy an inferior position in the contractual relationship. It is also clear from the preparatory works that the provision is aimed especially at unfair terms in standard contracts.

If any condition in the Promissory Notes is contested based on section 36 of the Swedish Contracts Act, the Issuer's rights according to the Promissory Notes could be affected in a manner that might also have an effect on the Issuer's ability to meet its obligations under the Notes. However, from February 2004 (being the date on which Nordax started offering loans to consumers in Sweden) until 31 May 2006, none of its Customers have contested any condition of a Promissory Note on the basis of section 36 of the Swedish Contracts Act.

Proposed European Directive on Consumer Credit

In September 2002, the European Commission published a proposal for a Directive of the European Parliament and of the Council on consumer credit. This proposal, and an amended proposal published in October 2004, were met with significant opposition. The proposed Directive, which may be further amended before it is brought into effect but once it has been adopted member states will then have a further two years in which to bring national implementing legislation into force.

Until the final text of the Directive and the details of the Swedish implementing legislation are published, it is not certain what effect the adoption and implementation of the Directive or initiatives would have on the Originator, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

Unfair Commercial Practices Directive 2005

In May 2005, the European Parliament and the Council adopted a Directive on unfair business-to-consumer commercial practices (the **Unfair Practices Directive**). The Directive is of general application and is not confined to consumer credit or other financial services. It potentially affects all contracts entered into with consumers who are natural persons and acting for purposes outside their trade, business, craft or profession. The Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer. It provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Directive.

The Directive is intended to achieve a high level of consumer protection across the EU through harmonisation of relevant EU laws and has a substantial focus on advertising and sales promotion practices. Member states have until 12 December 2007 in which to bring national implementing legislation

into force, subject to a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies. It is too early to predict what effect the implementation of the Unfair Practices Directive would have on the Promissory Notes and accordingly on the ability of the Issuer to make payments to Noteholders.

C. Considerations relating to the Customers

Geographical concentration of Customers

A period of business decline in a particular region or an industry or a company specific to a certain region could have an impact on the ability of the Customer in that specific region or business area to repay the relevant Promissory Note. The risk of concentration in a specific region is however mitigated by the fact that 94 per cent. of the applications are generated via direct marketing programmes whereby the Originator can, to a large extent, monitor the incoming applications.

Portfolio tests show that the Customers are evenly spread across the populated areas of Sweden but are largely concentrated in the urban areas (i.e. Stockholm, Göteborg and Malmö).

Collection and Enforcement Procedures

For administrative purposes and to mitigate any risks of money laundering, the Servicer does not accept any cash payments or cheques. Approximately 75 per cent. of the Customers in the Measured Portfolio pay by direct debit.

All customer payments (i.e. principal payments, interest payments and fee payments (including insurance premiums and late fees)) are collected on the GIC Account.

An interruption in the direct debit system or the giro system could have a serious impact on the Servicer's ability to collect payment from the Customers.

D. General Considerations

European Union Directive on the Taxation of Savings Income

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts to Noteholders or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent as a result of the EU Savings Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

EU Savings Directive – Jersey

As part of an agreement reached in connection with the European Union (EU) directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey introduced with effect from 1 July, 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

Implementation of Basel II risk-weighted asset framework

The Basel Committee on Banking Supervision published the text of a new Framework on 26 June 2004 under the title Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework. This Framework (the **Basel II Framework**), which places enhanced emphasis on market discipline and for banking organisations to complete their preparations for implementation of the Basel II Framework. The Basel committee confirmed that it is currently intended that the various approaches under the Basel II Framework will be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. As and when implemented (including through the EU Capital Requirements Directive), the Basel II Framework could affect risk-weighting of the Notes in respect of certain investors if those investors are subject to the Basel II Framework following its implementation. Consequently, investors should consult their own advisers as to the consequences to or effect on them of the proposed implementation of the Basel II Framework. No predictions can be made as to the precise effects of potential changes which might result upon the implementation of the Basel II Framework.

EC Insolvency Regulation

Application of the EC Insolvency Regulation under English law

The Issuer is both incorporated and has its registered office in Jersey, Channel Islands. As a result, there is the risk that:

- (a) third party creditors may commence insolvency proceedings against the Issuer in its jurisdiction of incorporation or the place of its registered office;
- (b) an English court might decline jurisdiction if a party were to seek to commence insolvency proceedings in England; and
- (c) in certain circumstances, an English court may recognise insolvency proceedings commenced in another jurisdiction (including those referred to above) and may, for example, make an order impacting on the availability of certain types of creditor action in England and/or resulting in the application of English claw-back provisions to the Issuer, notwithstanding that there are no corresponding relevant English insolvency proceedings.

In relation to paragraph (a) above, the extent to which insolvency proceedings may be commenced in such jurisdictions would be, in each case, a matter to be determined under the laws of the relevant jurisdiction (subject, in the case of a company with its “centre of main interests” in the European Union, to Council Regulation (EC) No. 1346/2000 of 29 May 2000 (the **EC Insolvency Regulation**) as discussed below). Where the EC Insolvency Regulation does not apply, as is likely to be the case in respect of the Issuer, it is likely to be possible to commence insolvency proceedings in a particular jurisdiction if that is where the company is incorporated and, in some cases, it may be sufficient that the company has a place of business or assets in the relevant jurisdiction.

In relation to paragraph (b) above, the extent to which English law insolvency proceedings can be commenced in respect of a company will be determined by the EC Insolvency Regulation and the Insolvency Act 1986, as amended. The EC Insolvency Regulation governs the opening of insolvency proceedings in respect of a company with its “centre of main interests” in an EU Member State. Accordingly, a key factor in this regard will be the location of the “centre of main interests” of the Issuer for the purposes of the EC Insolvency Regulation. The location of the centre of main interests will be a question of fact in each case; there is a rebuttable presumption that it is in the place of the registered office but this presumption may be rebutted where the company administers its interests on a permanent basis in a manner ascertainable by third parties in another jurisdiction. If the presumption applies and the “centre of main interests” of the Issuer for these purposes is in the place of its registered office, the EC Insolvency Regulation would not apply in relation to the Issuer as its registered office is in the Channel Islands and English law insolvency proceedings could therefore only be commenced in respect of the Issuer in the limited circumstances referred to in section 426 of the Insolvency Act, as amended, which provides for cooperation between courts exercising jurisdiction in relation to insolvency.

In relation to paragraph (c) above, under the regulations introduced in Great Britain on 4 April 2006 which implement the UNCITRAL Model Law on Cross Border Insolvency in Great Britain (the **UNCITRAL Regulations**), in certain circumstances, a foreign insolvency officeholder appointed in respect of certain foreign insolvency proceedings may apply to the English court for recognition of such proceedings. As the EC Insolvency Regulation prevails over the UNCITRAL Regulations, this is most likely to be relevant where a company, such as the Issuer, has its centre of main interests outside of the EU. The foreign insolvency proceedings will be recognised (provided certain conditions are met) if commenced in the jurisdiction where the relevant debtor company has its “centre of main interests” or an “establishment” (each of which has a meaning for the purposes of the UNCITRAL Regulations substantially similar to the definition included in the EC Insolvency Regulation). If recognition is granted, a mandatory stay will apply to certain types of creditor action (not extending to security enforcement) in England and Wales. In certain circumstances, the English court may exercise its discretion to impose a wider stay extending to security enforcement (provided that the court must take into account the interests of the secured creditors). In addition, if recognition is provided, then upon application by the foreign officeholder, the English court may make an order in respect of the relevant company applying certain avoidance (including claw-back) provisions of the Insolvency Act, as amended (notwithstanding that there are no corresponding English administration and/or liquidation proceedings or that the English court may not have jurisdiction to commence such proceedings).

Application of the EC Insolvency Regulation under Swedish law

The EC Insolvency Regulation applies also in Sweden. On the assumption that the “centre of main interests” of the Issuer is located in Jersey or otherwise outside the EU Member States (except Denmark), the EC Insolvency Regulation would have no application. The position under Swedish law would thereby be that the general provisions of the Swedish Bankruptcy Act (*Sw. Konkurslagen 1987:672*) would apply in determining if Swedish courts would have jurisdiction to commence insolvency proceedings in Sweden in respect of the Issuer. According to the Swedish Bankruptcy Act it would be possible to commence territorial insolvency proceedings (*Sw. sårkonkurs*) in respect of the Issuer in Sweden, provided that the Issuer has assets in Sweden, whereby such proceedings would involve only such assets located in Sweden.

European Monetary Union

In the event that Sweden joins the Economic and Monetary Union prior to the maturity of the Notes, the Euro would become the lawful currency of Sweden. In that event, all amounts payable in respect of the Promissory Notes may become payable in Euro. There can be no assurance regarding the official rate of conversion for Swedish Kronor to Euro following Sweden adopting the Euro as its lawful currency nor can there be any assurance that the amounts payable in Euro by the Customers under the Transferred Promissory Notes would be sufficient to enable the Issuer to meet its obligations under the Notes. A transition to the Euro may be followed by an interest rate change which may have an adverse affect on a Customer’s ability to repay its debt under a Transferred Promissory Note and accordingly on the ability of the Issuer to make payments to Noteholders.

Change of law

The structure of the issue of the Notes, the ratings which are to be assigned to them and the related transactions described in this Offering Circular are based on English, Swedish and Jersey laws and administrative practice in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English or European law or administrative practice after the date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above statements regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Offering Circular may mitigate some of these risks for Noteholders, there can be no assurance that these elements will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

THE ISSUER

The Issuer was incorporated in Jersey on 16 March 2005 under registered number 89744 as a private company with limited liability under the name of Scandinavian Consumer Loans Limited. Pursuant to a special resolution dated 23 February 2006, the Issuer has been re-registered under the Companies (Jersey) Law 1991 as a public company. The registered office of the Issuer is at 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands and its contact telephone number is +44 (0) 1 534 510 924. The Issuer is organised as a special purpose vehicle and its activities are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee on trust for charitable purposes under the terms of the Share Trust Deed and neither the Originator nor the Sellers own, directly or indirectly, any of the share capital of the Issuer.

1. Principal Activities

The Issuer was established for the limited purposes of issuing the Notes, owning and acquiring the Promissory Notes and certain related transactions described elsewhere in this Offering Circular.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in **Condition 3 (Covenants)**.

2. Directors and Secretary

The directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Michael George Best	47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands	Company Director of Structured Finance Management Offshore Limited
Peter John Richardson	47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands	Company Director of Structured Finance Management Offshore Limited
Bo Johan Franzén	Nordax Finans AB (publ), Gävlegatan 22, P.O. Box 23124, SE-104 35 Stockholm, Sweden	Corporate Treasurer of Nordax Finans AB (publ)

The company secretary of the Issuer is Structured Finance Management Offshore Limited, whose business address is 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands. The Issuer has no employees.

All directors of the Issuer (other than Bo Johan Franzén) are also directors of the Corporate Services Provider.

3. Financial Information

See Appendix 1 for the statutory accounts of the Issuer for the year ended 31 December 2005.

4. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Issuer as at the date of this Offering Circular, adjusted to take account of the issue of the Notes, the start-up loan to be provided by the Start-up Loan Provider on or about the Closing Date and the repayments to be made on the Closing Date in respect of outstanding amounts under the Existing Note Issuance Facility Agreement and the Existing Subordinated Loan Agreement, is as follows:

	As at
	3 July 2006
	£
Share capital	
<i>Authorised:</i>	
10,000 Ordinary Shares of £1 each	10,000
<i>Issued:</i>	
2 Ordinary Shares of £1 each (fully paid up)	2
Loan Capital	€
€117,750,000 Class A Floating Rate Notes due 2025	117,750,000
€13,450,000 Class B Floating Rate Notes due 2025	13,450,000
€5,850,000 Class C Floating Rate Notes due 2025	5,850,000
€31,100,000 Class D Floating Rate Notes due 2025	31,100,000
€7,550,000 Class E Floating Rate Notes due 2025	7,550,000
	SEK
SEK 12,000,000 in respect of the SEK12,000,000 start up loan provided by Nordax Holding Second AB on or about the Closing Date	12,000,000
	£ ¹
Total capitalisation and indebtedness	122,234,395

The current financial period of the Issuer will end on 31 December 2006.

¹ Converted into sterling at an assumed exchange rate of £1=€1.448 and £1=SEK13.4136

THE CURRENCY HEDGE PROVIDER

Barclays Bank PLC will be appointed to act as Currency Hedge Provider pursuant to the Currency Hedge Agreements.

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the **Barclays Group**) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated “AA” by S&P, “Aa1” by Moody’s and “AA+” by Fitch Ratings Limited.

By Regulation, the European Union agreed that virtually all listed companies must use International Financial Reporting Standards (**IFRS**) adopted for use in the European Union in the preparation of their 2005 consolidated accounts. Barclays PLC and Barclays Bank PLC have applied IFRS from 1 January 2004, with the exception of the standards relating to financial instruments (IAS 32 and IAS 39) and insurance contracts (IFRS 4) which were applied only with effect from 1 January 2005. Therefore, in the 2005 Barclays PLC Annual Report and the 2005 Barclays Bank PLC Annual Report, the impacts of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2004 comparatives in accordance with First-time Adoption of International Financial Reporting Standards (IFRS 1). The results for 2005 are therefore not entirely comparable to those for 2004 in affected areas.

Based on Barclays Group’s audited financial information for the year ended 31 December 2005, the Barclays Group had total assets of £924,170 million (2004: £538,300 million), total net loans and advances² of £300,001 million (2004: £343,041 million), total deposits³ of £313,811 million (2004: £328,516 million), and total shareholders’ equity of £24,243 million (2004: £16,849 million) (including minority interests of £1,578 million (2004: £211 million)). The profit before tax of the Barclays Group for the year ended 31 December 2005 was £5,311 million (2004: £4,589 million) after charging impairment loss on loans and advances and other credit risk provisions of £1,571 million (2004: £1,093 million).

The following documents have been filed with the U.S. Securities and Exchange Commission for Barclays PLC and Barclays Bank PLC:

- the audited joint Annual Report on Form 20-F in respect of the year ended 31 December 2004 (with the exception of the information incorporated by reference in the Annual Report referred to in the Exhibit Index of the Annual Report, which shall not be deemed to be incorporated in this Prospectus);
- the amendment to the audited joint Annual Report on Form 20-F/A in respect of year ended 31 December 2004 as filed on 6 May 2005 (with the exception of information incorporated by reference in the Annual Report referred to in the Exhibit Index of the Annual Report, which shall not be deemed as incorporated into this Prospectus); and
- the Interim Announcement of Results for 2005 on Form 6-K in respect of the semi-annual period ended 30 June 2005.

Barclays will provide, without charge to each person to whom this prospectus is delivered, on the request of that person, a copy of the Form 20-F and Form 6-K referred to in the previous sentence. Written requests should be directed to: Barclays Bank PLC, 1 Churchill Place, London E14 5HP, England, Attention: Barclays Corporate Secretariat.

None of the Notes will be obligations of Barclays Bank PLC or any of its affiliates.

² Total net loans and advances include balances relating to both banks and customer accounts.

³ Total deposits include deposits from banks and customer accounts.

THE SELLERS

THE ORIGINATOR

Organisation and legal structure

Nordax Finans AB (publ) was incorporated on 26 August 2003 in Sweden with limited liability under the Swedish Companies Act (*Sw. Aktiebolagslagen*). Nordax is indirectly owned by funds managed by Palamon Capital Partners, LP (**Palamon**) (owning 76 per cent.) and by the chairman of the board of directors and six members of the management team (jointly owning 24 per cent.). Palamon's investments in the Originator is part of a EUR 440 million fund which started in 1999 and which consists of capital provided by over 20 international blue-chip investors. The Palamon investment team consists of 12 professionals who together have an average of over 10 years experience in the financial sector. For more information about Palamon please visit its website at www.palamon.com.

Nordax's strategy is to offer unsecured loans to private individuals throughout the Nordic region and the company has initially launched its product in Sweden and Norway.

Nordax is led by a team of 11 individuals who collectively have more than 160 years of industry experience and who have previously run two of the leading unsecured consumer loan businesses in Scandinavia.

As at March 2006, Nordax employed approximately 48 full-time staff (including 7 temporary staff who are employed on an on demand basis). The office of Nordax is located at Gävlegatan 22, SE-104 35 Stockholm, Sweden.

Nordax's activities are regulated by the Swedish Banking and Financing Business Act (*Sw. lag om bank- och finansieringsrörelse (2004:297)*) and, as a credit market company (*Sw. Kreditmarknadsbolag*), Nordax is subject to the supervision of the Swedish FSA.

As of 31 March 2006, Nordax managed Swedish assets of approximately SEK 1,606,000,000 in total and Norwegian assets of approximately NOK 520,000,000 in total (respectively, €170,055,061 at an exchange rate of 1 Euro = SEK 9.4440 and €65,501,908 at an exchange rate of 1 Euro = NOK 7.9387 as at 31 March 2006).

Origination channels

The Originator does not have a branch network but relies primarily on origination via direct marketing programs. Applications are collected via the internet or by regular mail and all communication with the customers is executed via telephone, e-mail or regular post.

It is estimated that approximately 94 per cent. of the new applications are generated via the direct marketing programs, approximately 2 per cent. are attributable to tests with advertisement campaigns and approximately 4 per cent. are attributable to drop-in applications.

An essential part of the Originator's sales are related to additional loans. During the first four months of 2006, approximately 20 per cent. of the total sales were attributable to sales of additional loans.

Approximately one third of all applications are received via the Nordax's website.

Target group

The Originator serves the prime market in Sweden with a target group that is constituted of credit active individuals with a stable income and credit track record. The average income in Sweden is estimated to be SEK 216,000, which can be compared with the average income of the Customers in the Measured Portfolio of SEK 247,000. More than 75 per cent. of the Customers in the Measured Portfolio are in the age span between 40 years and 60 years of age and approximately 55 per cent. of the Customers have co-applicants. The average loan size in the Measured Portfolio is SEK 83,225 (i.e. approximately SEK 60,000 without co-applicant and approximately SEK 119,000 when there are two customers).

Characteristics of the Promissory Notes

- **Type of loan:** unsecured personal loan
(negotiable Promissory Notes in bearer form)
- **Maximum loan amount:** SEK 310,000
- **Amortisation:** annuity loan with mandatory monthly amortisation (subject to the Servicer's option to offer 2 payment holidays per annum to customers who have not been in delinquency during the 3 months prior to the request)
- **Maximum maturity:** 12 years and 1 month (non revolving)
- **Voluntary prepayment:** at any time
- **Interest Rate:** variable rate

Pricing

The initial interest rates on the Promissory Notes are determined by the size of the loan at origination. As of March 2006, the standard initial interest rates and fees were set as follows (these are guideline rates from which there may be deviations):

<u>Approved Loan</u>	<u>Interest Rate</u>	<u>Opening Fee (capitalised at origination)</u>	<u>Monthly Fee</u>
250,000 – 310,000	7.9 per cent.	SEK 400	SEK 20
200,000 – 249,999	8.9 per cent.	SEK 400	SEK 20
100,000 – 199,999	10.9 per cent.	SEK 400	SEK 20
50,000 – 99,999	12.9 per cent.	SEK 400	SEK 20
5,000 – 49,999	14.9 per cent.	SEK 400	SEK 20

The interest rates are variable and connected to the Issuer's funding cost (adjustment of interest rate is subject to the criteria set out under "*Risk Factors – Interest Rates under the Promissory Notes*" above). Late payments are debited with a fee of SEK 175. The Issuer shall be entitled to all payments of interest and other fees (including the monthly fee described above) in respect of Promissory Notes acquired by it from a Seller.

Insurance

Each Customer is offered the opportunity to take out payment protection insurance to secure monthly payments in the event of illness or involuntary unemployment and to secure total repayment in the event of death. The insurance policies are offered by the Originator in partnership with Financial Insurance Company Limited and Financial Assurance Company Limited.

Origination process

The Originator's underwriting process is governed by the Originator's credit policy and related credit instructions as described below (together, the **Lending Criteria**). The underwriting includes a combination of policy rules (the **Policy Rules**), referral rules (the **Referral Rules**), a statistical derived risk model based on Swedish Credit Bureau data (the **Adjusted Score Model**) and a limit and score matrix (the **Limit Matrix**). Any Promissory Note that is transferred to the Issuer must meet the Lending Criteria on its transfer date to the Issuer, other than Promissory Notes transferred by SCL3 to the Issuer pursuant to the SCL3 Loan Transfer Agreement which must meet: (i) the Lending Criteria on the original transfer date to SCL3 from the Originator pursuant to the Warehouse Loan Transfer Agreement and (ii) certain limited Lending Criteria on the date that they are transferred by SCL3 to the Issuer pursuant to the SCL3 Loan Transfer Agreement.

Policy Rules

The Originator has clearly defined Policy Rules to ensure the automatic rejection of applicants who do not meet the minimum acceptance criteria. The minimum acceptance criteria include, but are not limited to, no bad debt at the Swedish state collections agency (*Sw. Kronofogdemyndigheten*), a minimum age of 20 years and a regular income above SEK 120,000 per annum.

Referral Rules

The Originator's Referral Rules sort out applications that need further investigation before a safe and sound credit decision can be made.

Adjusted Score Model

The Adjusted Score Model is developed by the Originator and is based on the Swedish Credit Bureau's UC⁴ (*Upplysningscentralen*) score model. UC has extensive information that enables it to produce a generic score card with good discrimination power between low risk and higher risk credit customers. Since the UC score model is developed on an average of the Swedish credit population it is adjusted by the Originator adding weight to a set of specific parameters to better fit the population targeted by the Originator.

Limit Matrix

In the last stage of the Originator's underwriting process, the Limit Matrix governs the maximum loan amount that can be granted to a customer. The Limit Matrix considers the customer's Adjusted Score in combination with the customer's income which results in a cap on the amount that can be approved.

Product utility

The Originator does not generally enquire as to the purpose of the loan. However, where enquiries have been made, they have shown that the loans generally are used for debt consolidation, home improvements, used cars and general consumption.

Servicing of Promissory Notes

All Promissory Notes are processed in a standardised system (the **Receivables System**) outsourced to a third party vendor. Data capturing of loan applications, except for applications that are filled in via the website which are automatically transferred to the underwriting processing system, and printing of monthly statements are also outsourced to external vendors. The Customer servicing of the Promissory Note is carried out by the Customer Services Department at the Originator's office in Stockholm. Representatives from the Customer Services Department handle all communication with the Customers via telephone, e-mail and regular post. The servicing includes, for example, preparation and administration around the loan applications process, FAQ, change of terms and processing of applications for loan increases.

Routines for the servicing of loans are set out in a loan manual available to all representatives in the Customer Services Department. The instructions in the manual are governed by the Credit Policy and the Credit Instruction, both of which are approved annually by the board of directors of the Originator. The manual itself is written and revised by senior staff in the Customer Services Department using templates with input from people who have special expertise in the areas being revised.

As per 31 March 2006, Nordax served approximately 19,300 Swedish accounts and 4,500 Norwegian accounts.

Collections of Promissory Notes

Due to the fact that the majority of Swedish habitants receive their salary around the 25th day of each month, the Portfolio has only one billing cycle with one due date occurring on the last Stockholm Business Day of each month (i.e. all billed amounts are due on the last business day of the month). The monthly processing takes place on the evening of the 7th Stockholm Business Day of each month (the **Monthly Processing Date**). The period from the due date to the Monthly Processing Date is considered the grace period.

Collections reports are provided on a daily basis to identify collection movements. An account enters into "1 Due" delinquent on the first Monthly Processing Date after the immediately preceding due date (i.e. after the grace period of seven Stockholm Business Days with an amount in arrears greater than a threshold of SEK 100). The delinquent accounts are split into delinquency buckets of periods of 30 days each.

⁴ UC is an entity privately owned by the major Swedish banks. The UC score model is based on its own national, centralised database containing official information, such as a potential borrower's past and current debts and loans (including any history of bad debt or bankruptcy), the borrower's income and owned property, and the borrower's credit searches during the last three years, on all individuals over 16 years of age in Sweden.

The Collections Department also handles the administration of accounts belonging to deceased Customers.

The Collections Department is permanently staffed so that no analyst handles more than 150 accounts, from arrears bucket “1 Due” through cancellation (including estate of deceased administration). For each pre-collection period (i.e. the grace period), a fixed pool of extra “on demand” collectors are employed. Their task is to contact Customers during/at the end of the grace period (typically out of office hours) who have a higher risk of not making the payments due under their loans. The calculated work load per collector for this period is approximately 250 accounts.

Pre-Collection

Pre-collection calls and/or mailing are conducted during the grace period before the account actually is categorised as delinquent in the receivables system (i.e. during a grace period of seven Stockholm Business Days). Accounts with bounced direct debits are generally contacted on the first day of delinquency and all other delinquent Customers are generally contacted on the second day of delinquency.

Collections

The main collections process starts when the account enters into “1 Due” (see above) and the Customer receives a first reminder by letter and is thereafter contacted either by telephone and/or email. The Servicer’s process of sending out reminders and of establishing contact with the delinquent Customers, with the main purpose to receive scheduled amortisations, interest and fees, continues through “1 Due” and “2 Due” (i.e. 30 days plus grace).

Enforcement

When an account enters into “3 Due” (i.e. 60 days plus grace), a notice of default is sent to the Customer. Under the CCA, the Customer then has 28 days to react to the default notice (i.e. pay the total outstanding amount) or the entire debt will be transferred to an external Legal Collections Agency, Gothia Financial Group AB (i.e. 90 days plus grace). As long as the creditor does not allow the Promissory Notes to become time-barred, the debt is collectable forever (other than with respect to deceased customers).

Prepayment experience

Amortisation and Early Settlement

<u>Month</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>
Total Amortisation	3.12%	2.57%	2.18%	2.19%	2.98%	3.14%
Early Settlement	2.35%	1.84%	1.41%	1.45%	2.25%	2.29%

<u>Month</u>	<u>Nov-05</u>	<u>Dec-05</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>
Total Amortisation	3.28%	2.85%	2.40%	2.72%	2.60%	2.20%
Early Settlement	2.42%	2.01%	1.72%	1.85%	1.69%	1.45%

Note: Figures are calculated monthly by dividing the total principal amortisations or early settlement amount by the balance of receivables at the beginning of the month.

Total Amortisation means the scheduled amortisation plus early settlements.

Background Data to the Amortisation and Early Settlement table above (in SEK'000)

<u>Month</u>	<u>May-05</u>	<u>Jun-05</u>	<u>Jul-05</u>	<u>Aug-05</u>	<u>Sep-05</u>	<u>Oct-05</u>
Gross receivables	1,141,622	1,196,452	1,292,731	1,339,781	1,392,528	1,425,183
New volume	138,419	84,216	122,350	75,418	92,656	76,327
Growth	106,138	54,830	96,279	47,050	52,747	32,655
Total amortisation	32,281	29,386	26,071	28,368	39,909	43,672
Total amortisation in % of opening gross receivables	3.12%	2.57%	2.18%	2.19%	2.98%	3.14%
Early settlement	24,372	20,954	16,908	18,791	30,119	31,948
Early settlement in %	2.35%	1.84%	1.41%	1.45%	2.25%	2.29%

<u>Month</u>	<u>Nov-05</u>	<u>Dec-05</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>
Gross receivables	1,448,551	1,473,336	1,533,232	1,555,225	1,598,802	1,614,583
New volume	70,162	66,082	95,261	63,712	84,014	50,936
Growth	23,368	24,785	59,896	21,993	43,577	15,781
Total amortisation	46,794	41,297	35,365	41,719	40,437	35,155
Total amortisation in % of opening gross receivables	3.28%	2.85%	2.40%	2.72%	2.60%	2.20%
Early settlement	34,542	29,085	25,406	28,376	26,235	23,165
Early settlement in %	2.42%	2.01%	1.72%	1.85%	1.69%	1.45%

SCANDINAVIAN CONSUMER LOANS (NO. 3) LIMITED

SCL3 was incorporated in Jersey on 21 February 2006 under registered number 92583 as a private company with limited liability under the name 'Scandinavian Consumer Loans (No. 3) Limited'. The registered office is at 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands and its contact telephone number is +44 (0) 1 534 510 924. SCL3 is organised as a special purpose vehicle and its activities are limited accordingly. SCL3 has no subsidiaries. The entire issued share capital of SCL3 is held by or on behalf of Structured Finance Management Offshore Limited on trust for charitable purposes under the terms of a share trust deed dated 16 March 2006.

1. Principal Activities

SCL3 was established for the limited purposes of issuing floating rate SEK denominated registered notes, owning and acquiring certain negotiable promissory notes originated by Nordax Finans AB (publ) and selling such promissory notes to the Issuer as described elsewhere in this Offering Circular.

2. Directors and Secretary

The directors of SCL3 and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Elizabeth Ann Mills	47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands	Company Director of Structured Finance Management Offshore Limited
Peter John Richardson	47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands	Company Director of Structured Finance Management Offshore Limited
Bo Johan Franzén	Nordax Finans AB (publ), Gävlegatan 22, P.O. Box 23124, SE-104 35, Stockholm, Sweden	Corporate Treasurer of Nordax Finans AB (publ)

The company secretary of SCL3 is Structured Finance Management Offshore Limited, whose business address is 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands. SCL3 has no employees.

All directors of SCL3 (other than Bo Johan Franzén) are also directors of the Corporate Services Provider.

DESCRIPTION OF THE PORTFOLIO

Introduction

The Completion Portfolio is estimated to comprise approximately 18,392 Promissory Notes and the aggregate balance is expected to be approximately SEK 1,552,865,250 (€168,150,000 at an assumed exchange rate of €1 = SEK 9.235).

Purchase of the Portfolio

The Issuer has prior to the Closing Date purchased the Promissory Notes included in the Completion Portfolio from the Originator pursuant to the Original Loan Transfer Agreement. All Promissory Notes acquired by the Issuer prior to the Closing Date which, as at 2 June 2006, were either Delinquent or written-off have been sold by the Issuer to SCL3 pursuant to the Warehouse Loan Transfer Agreement. The Issuer may continue to acquire Additional Promissory Notes from the Sellers on a current basis on each Monthly Acquisition Date during the Revolving Period.

Portfolio characteristics

The following tables set out certain information with respect to the Promissory Notes originated by the Originator, which have been made to customers in Sweden and which are outstanding as at 31 March 2006 (the **Measured Portfolio**).

The SEK/Euro exchange rate that was used to produce the euro equivalent statistics in the following tables was €1=SEK9.235.

Transaction Summary

		<u>Euro Equivalent</u>
Number of loans	19,305	
Total principal balance	SEK 1,606,664,921	€173,975,628
Weighted average current loan balance	SEK 83,225	€9,012
Average original loan balance	SEK 82,056	€8,885
Weighted average yield	10.61%	
Weighted average months on books	11.53 months	
Weighted average remaining term	9.2 years	
Weighted average original term	9.6 years	

1. Current balance

<u>Current bank balance (SEK)</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
less than 10,000	1,014	5.25%	6,978,338	755,640	0.43%
10,001 – 20,000	1,623	8.41%	23,715,464	2,567,998	1.48%
20,001 – 30,000	1,968	10.19%	51,847,276	5,614,215	3.23%
30,001 – 40,000	1,077	5.58%	36,991,337	4,005,559	2.30%
40,001 – 50,000	3,459	17.92%	163,505,888	17,705,023	10.18%
50,001 – 75,000	1,834	9.50%	109,475,145	11,854,374	6.81%
75,001 – 100,000	2,876	14.90%	266,584,506	28,866,758	16.59%
100,001 – 150,000	2,403	12.45%	316,907,505	34,315,918	19.72%
150,001 – 200,000	1,814	9.40%	334,705,242	36,243,123	20.83%
200,001 – 250,000	1,057	5.48%	245,991,730	26,636,895	15.31%
250,001 – 300,000	161	0.83%	44,253,041	4,791,883	2.75%
300,001 – 305,000	19	0.10%	5,709,450	618,240	0.36%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

2. Distribution by yield

<u>Current yield</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
7.5% to 8%	42	0.22%	11,373,047	1,231,516	0.71%
8.001% to 8.5%	1,971	10.21%	375,854,452	40,698,912	23.39%
8.501% to 9%	702	3.64%	151,966,264	16,455,470	9.46%
9.001% to 9.5%	20	0.10%	2,839,321	307,452	0.18%
9.501% to 10.0%	—	0.00%	—	—	0.00%
10.001% to 10.5%	3,702	19.18%	436,983,432	47,318,184	27.20%
10.501% to 11.0%	1,430	7.41%	168,931,136	18,292,489	10.51%
11.001% to 11.5%	—	0.00%	—	—	0.00%
11.501% to 12.0%	—	0.00%	—	—	0.00%
12.001% to 13.0%	5,799	30.04%	325,669,826	35,264,735	20.27%
13.001% to 14.0%	—	0.00%	—	—	0.00%
14.001% to 15.0%	5,443	28.19%	129,175,856	13,987,640	8.04%
15.001% to 16.0%	—	0.00%	—	—	0.00%
16.001% to 17.0%	196	1.02%	3,871,587	419,230	0.24%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

3. Distribution by original term

<u>Original term</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
1 – 12 months	33	0.17%	509,155	55,133	0.03%
13 – 24 months	326	1.69%	6,458,510	699,351	0.40%
25 – 36 months	329	1.70%	9,924,047	1,074,613	0.62%
37 – 48 months	2,628	13.61%	101,969,347	11,041,618	6.35%
49 – 62 months	627	3.25%	32,929,875	3,565,769	2.05%
63 – 72 months	2,906	15.05%	200,459,828	21,706,533	12.48%
73 – 84 months	135	0.70%	10,136,742	1,097,644	0.63%
85 – 96 months	2,079	10.77%	166,521,886	18,031,606	10.36%
97 – 108 months	96	0.50%	9,996,930	1,082,505	0.62%
109 – 120 months	3,392	17.57%	321,172,969	34,777,799	19.99%
121 – 132 months	60	0.31%	7,258,761	786,006	0.45%
133 – 144 months	6,694	34.67%	739,326,871	80,057,052	46.02%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

4. Seasoning

<u>Original term</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
0 – 3 months	2,746	14.22%	219,926,780	23,814,486	13.69%
4 – 6 months	2,514	13.02%	200,298,374	21,689,050	12.47%
7 – 9 months	2,573	13.33%	216,751,804	23,470,688	13.49%
10 – 12 months	3,907	20.24%	327,078,227	35,417,242	20.36%
13 – 15 months	2,181	11.30%	197,858,324	21,424,832	12.31%
16 – 18 months	1,374	7.12%	128,419,769	13,905,768	7.99%
19 – 21 months	1,642	8.51%	141,130,623	15,282,147	8.78%
22 – 24 months	2,318	12.01%	171,885,481	18,612,396	10.70%
25 – 27 months	50	0.26%	3,315,540	359,019	0.21%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

5. Distribution by remaining term

Original term	No. of loans	% by number	Current balance (SEK)	Euro equivalent	% by current balance
1 – 12 months	156	0.81%	899,345	97,384	0.06%
13 – 24 months	309	1.60%	6,114,359	662,085	0.38%
25 – 36 months	870	4.51%	25,233,760	2,732,405	1.57%
37 – 48 months	1,803	9.34%	68,187,362	7,383,580	4.24%
49 – 62 months	1,331	6.89%	70,746,579	7,660,702	4.40%
63 – 72 months	1,895	9.82%	131,099,432	14,195,932	8.16%
73 – 84 months	816	4.23%	59,410,587	6,433,198	3.70%
85 – 96 months	1,380	7.15%	107,442,509	11,634,273	6.69%
97 – 108 months	1,007	5.22%	89,431,680	9,683,993	5.57%
109 – 120 months	2,408	12.47%	227,327,600	24,615,874	14.15%
121 – 132 months	2,225	11.53%	234,909,996	25,436,924	14.62%
133 – 144 months	5,105	26.44%	585,861,712	63,439,276	36.46%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

6. Distribution by UC Score

For the purposes of the following table, **UC Score** is a generic credit score calculated for each credit active Swedish habitant. Each of the Customers receive a UC Score at origination of its loan. The table below shows the UC Score distribution for the Measured Portfolio. A low score indicates a low risk Customer.

UC Score	No. of loans	% by number	Current balance (SEK)	Euro equivalent	% by current balance
<= 1	2,689	13.93%	264,002,411	28,587,159	16.43%
1.1 to 1.5	3,187	16.51%	298,566,246	32,329,859	18.58%
1.6 to 2	3,256	16.87%	285,983,174	30,967,317	17.80%
2.1 to 2.5	3,117	16.15%	252,040,759	27,291,907	15.69%
2.6 to 3	1,530	7.93%	121,412,638	13,147,010	7.56%
3.1 to 3.5	2,019	10.46%	149,777,200	16,218,430	9.32%
3.6 to 4	986	5.11%	68,133,117	7,377,706	4.24%
4.1 to 4.5	961	4.98%	66,636,926	7,215,693	4.15%
4.6 to 5	537	2.78%	35,897,299	3,887,092	2.23%
5.1 to 6	969	5.02%	59,813,884	6,476,869	3.72%
6.1 to 7	24	0.12%	2,221,474	240,549	0.14%
7.1 to 8	14	0.07%	1,140,275	123,473	0.07%
8.1 to 10	7	0.04%	444,365	48,118	0.03%
10.1 to 14	9	0.05%	595,155	64,446	0.04%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

7. Distribution by monthly payment

<u>Monthly payment (SEK)</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
<= 200	267	1.38%	2,402,431	260,144	0.15%
200.01 – 400	1,527	7.91%	19,596,062	2,121,934	1.22%
400.01 – 600	2,124	11.00%	51,067,151	5,529,740	3.18%
600.01 – 800	2,942	15.24%	125,203,717	13,557,522	7.79%
800.01 – 1,000	1,481	7.67%	67,280,910	7,285,426	4.19%
1,000.01 – 1,200	1,479	7.66%	79,415,011	8,599,351	4.94%
1,200.01 – 1,400	2,543	13.17%	206,158,163	22,323,569	12.83%
1,400.01 – 1,600	887	4.59%	79,149,308	8,570,580	4.93%
1,600.01 – 1,800	547	2.83%	54,245,273	5,873,879	3.38%
1,800.01 – 2,000	1,325	6.86%	166,147,260	17,991,041	10.34%
2,000.01 – 2,500	1,897	9.83%	307,520,393	33,299,447	19.14%
2,500.01 – 3,000	1,517	7.86%	289,367,524	31,333,787	18.01%
3,000.01 – 4,000	619	3.21%	129,701,839	14,044,595	8.07%
4,000.01 – 5,000	119	0.62%	23,514,614	2,546,250	1.46%
5,000.01 – 7,500	27	0.14%	5,300,077	573,912	0.33%
7,500.01 – 15,000	4	0.02%	595,189	64,449	0.04%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

8. Distribution by number of applicants

<u>Number of applicants</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
1	11,826	61.26%	721,672,211	78,145,340	44.92%
2	7,479	38.74%	884,992,710	95,830,288	55.08%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

9. Distribution by original balance

<u>Current bank balance (SEK)</u>	<u>No. of loans</u>	<u>% by number</u>	<u>Current balance (SEK)</u>	<u>Euro equivalent</u>	<u>% by current balance</u>
less than 10,000	1,315	6.81%	15,366,063	1,663,894	0.96%
10,001 – 20,000	1,478	7.66%	28,049,834	3,037,340	1.75%
20,001 – 30,000	2,308	11.96%	69,925,190	7,571,759	4.35%
30,001 – 40,000	481	2.49%	18,331,358	1,984,987	1.14%
40,001 – 50,000	4,729	24.50%	250,376,312	27,111,674	15.58%
50,001 – 75,000	1,106	5.73%	75,954,680	8,224,654	4.73%
75,001 – 100,000	3,432	17.78%	354,716,736	38,410,042	22.08%
100,001 – 150,000	2,002	10.37%	284,700,413	30,828,415	17.72%
150,001 – 200,000	1,624	8.41%	313,455,527	33,942,125	19.51%
200,001 – 250,000	811	4.20%	190,100,809	20,584,820	11.83%
250,001 – 300,000	19	0.10%	5,687,997	615,917	0.35%
	19,305	100.00%	1,606,664,921	173,975,628	100.00%

Net Yield

The net margin described in the table below is defined as the yield earned on the Promissory Notes minus one – month STIBOR. “Fin. Charges” equals monthly fees (i.e. invoicing fees).

Months	Mar – 05	Apr – 05	May – 05	Jun – 05	Jul – 05	Aug – 05	Sep – 05	Oct – 05	Nov – 05	Dec – 05	Jan – 06	Feb – 06	Mar – 06	Apr – 06
Net Yield	9.57%	9.42%	9.50%	9.59%	10.02%	9.51%	9.49%	9.41%	9.67%	9.53%	9.43%	9.21%	8.99%	9.33%

Background Data to the net yield table above

	Mar – 05	Apr – 05	May – 05	Jun – 05	Jul – 05	Aug – 05	Sep – 05	Oct – 05	Nov – 05	Dec – 05	Jan – 06	Feb – 06	Mar – 06	Apr – 06
Interest received	11.29%	11.04%	11.10%	11.14%	11.13%	10.60%	10.59%	10.53%	10.77%	10.65%	10.61%	10.59%	10.60%	11.02%
Monthly fees	0.29%	0.29%	0.29%	0.30%	0.29%	0.29%	0.29%	0.29%	0.29%	0.30%	0.29%	0.29%	0.29%	0.29%
Other fees	0.09%	0.19%	0.21%	0.25%	0.24%	0.25%	0.26%	0.26%	0.25%	0.25%	0.26%	0.25%	0.26%	0.21%
Finance charges	11.67%	11.52%	11.60%	11.69%	11.67%	11.15%	11.14%	11.08%	11.32%	11.19%	11.16%	11.13%	11.15%	11.51%
STIBOR (30 days)	2.10%	2.10%	2.10%	2.10%	1.65%	1.64%	1.65%	1.67%	1.66%	1.66%	1.73%	1.92%	2.16%	2.18%
Net Yield	9.57%	9.42%	9.50%	9.59%	10.02%	9.51%	9.49%	9.41%	9.67%	9.53%	9.43%	9.21%	8.99%	9.33%

Loans in arrears in the Measured Portfolio

	Number of months in arrears	Amount in arrears (SEK)	% by current balance
1		6,708,230	0.42%
2		2,280,758	0.14%
3		2,594,225	0.16%
4		1,613,855	0.10%
5		1,784,167	0.11%

Note: the loans in arrears in the Measured Portfolio have since been sold by the Issuer to SCL3 pursuant to the Warehouse Loan Transfer Agreement and will therefore not form part of the Completion Portfolio.

VINTAGE REPORT – WRITE OFFS IN % OF ORIGINAL BALANCE

Original period	Original amount	Months on Books																					
		5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Feb 2004	12,209,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.47%	0.47%	0.47%	0.47%	0.55%	0.55%	0.55%	
Mar 2004	91,425,000	0.00%	0.00%	0.08%	0.08%	0.14%	0.22%	0.34%	0.34%	0.46%	0.46%	0.46%	0.54%	0.83%	0.97%	1.00%	1.04%	1.14%	1.19%	1.25%	1.34%	1.43%	
Apr 2004	66,496,000	0.00%	0.00%	0.00%	0.00%	0.12%	0.13%	0.13%	0.29%	0.70%	0.70%	0.70%	0.90%	0.90%	1.05%	1.19%	1.32%	1.32%	1.32%	1.40%	1.50%		
May 2004	149,076,100	0.00%	0.00%	0.04%	0.14%	0.14%	0.21%	0.21%	0.24%	0.24%	0.47%	0.61%	0.88%	0.97%	0.97%	1.25%	1.51%	1.51%	1.57%	1.74%			
Jun 2004	102,603,600	0.00%	0.00%	0.00%	0.11%	0.11%	0.25%	0.32%	0.32%	0.32%	0.40%	0.47%	0.50%	0.68%	0.68%	0.68%	0.68%	0.92%	0.96%				
Jul 2004	24,554,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.61%	0.61%	1.03%	1.03%	1.03%	1.03%	1.03%	1.14%	1.34%					
Aug 2004	41,788,000	0.00%	0.00%	0.00%	0.36%	0.36%	0.36%	0.36%	0.36%	0.36%	0.42%	0.42%	0.42%	0.62%	0.62%	0.62%	0.97%						
Sep 2004	41,051,000	0.00%	0.00%	0.00%	0.00%	0.36%	0.36%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.55%	0.55%	0.55%							
Oct 2004	51,340,000	0.00%	0.29%	0.29%	0.29%	0.29%	0.58%	0.62%	0.70%	0.70%	0.70%	0.76%	0.76%	0.78%	0.78%								
Nov 2004	86,523,938	0.00%	0.12%	0.12%	0.12%	0.12%	0.17%	0.17%	0.27%	0.44%	0.61%	0.61%	0.61%	0.61%									
Dec 2004	61,826,400	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%	0.16%	0.48%	0.67%	0.70%	0.70%	0.70%										
Jan 2005	98,306,000	0.00%	0.00%	0.00%	0.05%	0.18%	0.18%	0.21%	0.26%	0.51%	0.83%	1.03%											
Feb 2005	111,243,000	0.00%	0.00%	0.00%	0.00%	0.04%	0.09%	0.31%	0.44%	0.48%	0.77%												
Mar 2005	146,570,000	0.00%	0.02%	0.09%	0.19%	0.21%	0.48%	0.60%	0.89%	1.08%													
Apr 2005	100,157,416	0.00%	0.00%	0.00%	0.05%	0.05%	0.05%	0.06%	0.06%														
May 2005	129,276,500	0.00%	0.09%	0.09%	0.09%	0.11%	0.21%	0.22%															
Jun 2005	71,931,776	0.00%	0.07%	0.28%	0.32%	0.34%	0.36%																
Jul 2005	92,101,994	0.00%	0.00%	0.03%	0.12%	0.31%																	
Aug 2005	69,404,500	0.00%	0.04%	0.04%	0.09%																		
Sep 2005	82,054,460	0.00%	0.12%	0.12%																			
Oct 2005	62,662,000	0.00%	0.00%																				
Nov 2005	60,638,000	0.00%																					
Dec 2005	46,274,579																						
Jan 2006	77,228,882																						
Feb 2006	48,397,000																						
Mar 2006	51,687,803																						
Apr 2006	41,121,000																						
Weighted Average		0.00%	0.03%	0.06%	0.11%	0.16%	0.23%	0.28%	0.39%	0.54%	0.59%	0.64%	0.67%	0.78%	0.84%	0.95%	1.13%	1.23%	1.27%	1.48%	1.34%	1.32%	0.55%

VINTAGE REPORT – 30+ (INCL. W/O) IN % OF ORIGINAL AMOUNT

Original period	Original amount	Months on books																								
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Feb 2004	12,209,000	0.00%	0.00%	0.00%	0.00%	0.25%	0.00%	0.25%	0.75%	0.26%	0.75%	0.66%	0.24%	0.24%	0.59%	0.70%	0.49%	0.50%	0.91%	1.28%	0.97%	1.06%	0.56%	0.55%	2.41%	3.22%
Mar 2004	91,425,000	0.08%	0.09%	0.09%	0.14%	0.26%	0.35%	0.49%	0.59%	0.62%	0.59%	0.69%	1.10%	1.22%	1.18%	1.13%	1.19%	1.51%	1.41%	1.50%	2.01%	2.20%	2.03%	2.16%	2.38%	
Apr 2004	66,496,000	0.00%	0.00%	0.05%	0.47%	0.45%	0.18%	0.38%	0.94%	0.77%	0.85%	0.98%	1.32%	1.33%	1.42%	1.46%	1.59%	1.67%	1.73%	2.02%	2.10%	2.04%	2.72%	2.86%		
May 2004	149,076,100	0.00%	0.11%	0.14%	0.19%	0.27%	0.41%	0.42%	0.41%	0.53%	0.93%	1.01%	1.12%	1.23%	1.33%	1.56%	1.55%	1.74%	1.92%	2.02%	2.19%	2.26%	2.33%			
Jun 2004	102,603,600	0.00%	0.00%	0.11%	0.19%	0.35%	0.33%	0.38%	0.50%	0.58%	0.73%	0.92%	1.04%	0.92%	0.85%	0.98%	1.20%	1.17%	1.36%	1.61%	1.84%	1.99%				
Jul 2004	24,554,000	0.00%	0.00%	0.23%	0.00%	0.04%	0.00%	0.00%	0.75%	0.63%	1.08%	1.09%	1.82%	1.35%	1.03%	1.15%	1.36%	1.62%	1.63%	1.62%	1.81%					
Aug 2004	41,788,000	0.00%	0.00%	0.37%	0.37%	0.37%	0.38%	0.47%	0.48%	0.85%	0.48%	0.49%	0.85%	1.87%	1.00%	1.01%	1.77%	1.54%	1.54%	1.88%						
Sep 2004	41,051,000	0.00%	0.00%	0.12%	0.37%	0.38%	0.63%	0.87%	0.49%	0.49%	0.48%	0.57%	0.81%	0.64%	0.58%	0.65%	0.70%	0.70%	0.92%							
Oct 2004	51,340,000	0.30%	0.30%	0.30%	0.31%	0.59%	0.73%	1.11%	0.73%	1.01%	1.68%	0.96%	1.53%	1.31%	1.25%	1.84%	2.48%	2.69%								
Nov 2004	86,523,938	0.18%	0.12%	0.12%	0.18%	0.12%	0.18%	0.27%	0.63%	0.93%	0.69%	0.86%	0.79%	0.75%	0.79%	0.89%	0.73%									
Dec 2004	61,826,400	0.05%	0.05%	0.33%	0.00%	0.53%	0.50%	0.50%	1.03%	0.80%	1.06%	1.04%	1.46%	1.89%	2.48%	2.07%										
Jan 2005	98,306,000	0.00%	0.00%	0.14%	0.50%	0.41%	0.64%	0.61%	0.83%	1.10%	1.12%	1.33%	1.31%	1.28%	1.77%											
Feb 2005	111,243,000	0.03%	0.09%	0.20%	0.08%	0.37%	0.45%	0.68%	0.69%	1.08%	1.38%	1.43%	1.49%	1.40%												
Mar 2005	146,570,000	0.07%	0.25%	0.34%	0.55%	0.98%	1.16%	1.53%	1.80%	1.72%	1.69%	2.15%	2.75%													
Apr 2005	100,157,416	0.00%	0.34%	0.31%	0.40%	0.24%	0.32%	0.31%	0.37%	0.51%	0.68%	0.86%														
May 2005	129,276,500	0.10%	0.10%	0.17%	0.13%	0.40%	0.40%	0.38%	0.55%	0.40%	0.53%															
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Jul 2005	92,101,994	0.00%	0.09%	0.13%	0.37%	0.37%	0.67%	0.97%	0.72%																	
Aug 2005	69,404,500	0.05%	0.12%	0.09%	0.17%	0.09%	0.15%	0.26%																		
Sep 2005	82,054,460	0.13%	0.13%	0.39%	0.51%	0.44%	0.58%																			
Oct 2005	62,662,000	0.03%	0.02%	0.00%	0.00%	0.00%																				
Nov 2005	60,638,000	0.05%	0.05%	0.05%	0.06%																					
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Weighted Average		0.07%	0.13%	0.20%	0.27%	0.39%	0.49%	0.61%	0.74%	0.82%	0.96%	1.12%	1.40%	1.23%	1.26%	1.29%	1.35%	1.56%	1.55%	1.79%	2.01%	2.11%	2.26%	2.32%	2.38%	3.22%

Write off policy and provisioning policy

Promissory Notes will be written off entirely in the profit and loss when customers are six months in arrears (i.e. the amount due is greater than the recent five months invoiced instalments, interest and fees). If any payments are subsequently received, these are classified as recoveries.

Frauds will be written off when detected.

Promissory Notes in respect of deceased customers will be written off when they are four months in arrear or earlier if complete information about the estate is received.

The following provisions shall be made in respect of loans in arrears:

<u>No. month in arrears</u>	<u>Provisions as a percentage of receivables</u>
1	0%
2	20%
3	40%
4	60%
5	100%

Geographical distribution

The Customers are evenly spread across the populated areas of Sweden and are largely concentrated in the urban areas.

There are no major concentrations in any specific regions that are heavily dependent on a single local industry or company. The ten most represented municipalities are listed in the table below.

<u>Municipality</u>	<u>Per cent. of the Portfolio</u>
Stockholm	8.09
Göteborg	5.43
Malmö	2.84
Uppsala	1.60
Norrköping	1.46
Helsingborg	1.41
Västerås	1.41
Huddinge	1.26
Botkyrka	1.25

THE RETAIL MARKET IN SWEDEN

Market overview

According to SCB (Statistics Sweden, www.scb.se) the Swedish unsecured credit market has grown from approximately SEK 80 billion in 2002 to SEK 117 billion in 2006. (i.e. approximately 17 per cent. per annum).

The unsecured consumer credit market can be divided into unsecured consumer credit cards (including overdrafts) and unsecured consumer loans, whereby the latter represent an estimated 55 per cent.

Swedish unsecured loan products generally offer a maximum maturity of 10-12 years.

Lenders in Sweden

In recent years the unsecured loan market has attracted more competition. Even though the high street banks, with an estimated market share of 75 per cent. cannot be considered as new entrants, it is notable that this group of entities are presently showing a great interest in the niche. The remaining part of the unsecured loan market is constituted by niche players (i.e. credit companies whose business is primarily focused on the unsecured loan market).

The major Swedish unsecured loan lenders include:

GE Money Bank AB	Wasa Kredit AB
CitiFinancial Europe plc	SkandiaBanken Aktiebolag (publ)
Ikano Banken AB (publ)	Svea Ekonomi AB
Resurs Bank Aktiebolag	Forex Bank Aktiebolag
Finaref AB	

The portfolios managed by Nordax Finans AB (publ) hold a market share of approximately 1.5 per cent. of the total Swedish unsecured credit market and an estimated 6 per cent. share of the niche players market for unsecured consumer loans.

Regulatory Framework

The granting of credits does not, in itself, require authorisation by the Swedish FSA. However, if combined with the receipt of funds from the public, it does constitute financing business and, consequently, may only be conducted pursuant to authorisation by the Swedish FSA. Most Swedish retail lenders (including the Originator) are established as credit market companies (*Sw. kreditmarknadsbolag*) licensed by and under the supervision of the Swedish FSA and operating under the Banking and Financing Business Act (*Sw. Lag (2004:297) om bank- och finansieringsrörelse*).

To obtain a licence, the Swedish FSA will assess the suitability of the owners and the management of the credit market company and will approve the articles of association. A credit market company will, in addition, have to meet a number of criteria relating to, among other things, the maintenance of sufficient capital reserves and the management of risks associated with the business.

SUMMARY OF TRANSACTION DOCUMENTS

BACKGROUND

The Existing Note Issuance Facility

Pursuant to an existing note issuance facility agreement dated 13 April 2005 (the **Existing Note Issuance Facility Agreement**) between, *inter alios*, the Issuer and Citibank International plc (in its capacity as the **Facility Provider**), the Facility Provider agreed to make available a SEK 1,000,000,000 note issuance facility (the **Warehouse Facility**) to the Issuer which was subsequently increased to SEK 2,000,000,000 on 20 October 2005 in accordance with the Existing Note Issuance Facility Agreement. Subject to the terms of the Existing Note Issuance Facility Agreement, the Issuer issued notes from time to time to the Facility Provider and used the proceeds thereof to finance the purchase of Promissory Notes from Nordax Finans AB (publ) (the **Originator**) and/or towards the redemption of any maturing notes.

On the Closing Date, the Issuer will use part of the proceeds of the Notes to redeem in full all the outstanding notes under the Warehouse Facility, following which the Existing Note Issuance Facility Agreement will be cancelled.

The Warehouse Facility Finance Documents

In addition to the Existing Note Issuance Facility Agreement, the Issuer also entered into certain other finance documents in connection with the Warehouse Facility, including the following:

- (a) a loan transfer agreement dated 13 April 2005 (the **Original Loan Transfer Agreement**) pursuant to which all of the Originator's rights and obligations under the Promissory Notes comprising the Completion Portfolio were assigned and transferred by the Originator to the Issuer;
- (b) a servicing agreement dated 13 April 2005 (the **Original Servicing Agreement**) pursuant to which the Servicer agreed to provide certain administrative services in respect of the Promissory Notes comprising the Completion Portfolio on behalf of the Issuer and ensure the safekeeping of certain documents relating to such Promissory Notes;
- (c) a standby servicing agreement dated 13 April 2005 (the **Original Standby Servicing Agreement**) and a servicing transfer agreement dated 13 April 2005 (the **Original Servicing Transfer Agreement**) to facilitate the taking over of the servicing of the Promissory Notes comprising the Completion Portfolio by the Standby Servicer;
- (d) a cash management agreement dated 13 April 2005 (the **Original Cash Management Agreement**) pursuant to which the Cash Manager agreed to provide certain cash management services to the Issuer in respect of the Promissory Notes comprising the Completion Portfolio;
- (e) an agreement with Dokumenthuset Recall AB dated 13 April 2005 (the **Storage Company**) relating to the storage and safe keeping of the Promissory Notes comprising the Completion Portfolio (the **Original Recall Agreement**); and
- (f) a corporate services agreement dated 13 April 2005 (the **Original Corporate Services Agreement**) pursuant to which the Corporate Services Provider agreed to provide certain corporate services to the Issuer,

(such documents together with the Existing Note Issuance Facility Agreement, the **Warehouse Facility Finance Documents**).

Existing Subordinated Loan Agreement

Pursuant to a subordinated loan agreement dated 19 December 2005 (the **Existing Subordinated Loan Agreement**) between the Issuer and Citibank International plc (in its capacity as the **Subordinated Loan Lender**), the Subordinated Loan Lender agreed to make available a SEK 88,000,000 credit facility to the Issuer. On the Closing Date, the Issuer will use part of the proceeds of the issue of the Class E Notes to repay the outstanding amounts owed to the Subordinated Loan Lender under the Existing Subordinated Loan Agreement, following which the Existing Subordinated Loan Agreement will be cancelled.

AMENDED TRANSACTION DOCUMENTS

Loan Transfer Agreements

Originator Loan Transfer Agreement

The Original Loan Transfer Agreement will be amended and restated by, *inter alios*, the Issuer and the Originator on or before the Closing Date (as so amended and restated, the **Originator Loan Transfer Agreement**). Pursuant to the Originator Loan Transfer Agreement, the Issuer may acquire Additional Promissory Notes from the Originator on each Monthly Acquisition Date during the Revolving Period.

Warehouse Loan Transfer Agreement

SCL3 entered into a note issuance facility agreement with Citibank, N.A., London branch (the **SCL3 Facility Provider**) on 1 June 2006 (the **SCL3 Note Issuance Facility Agreement**) pursuant to which the SCL3 Facility Provider agreed to make available a SEK 1,000,000,000 note issuance facility (the **SCL3 Warehouse Facility**) to SCL3.

Subject to the terms of the SCL3 Note Issuance Facility Agreement, SCL3 will issue notes and will continue to issue notes from time to time to the SCL3 Facility Provider and will use the proceeds thereof, *inter alia*, to finance the purchase of promissory notes from the Originator and the Issuer (in its capacity as a seller) pursuant to a loan transfer agreement between SCL3, the Originator, the Security Trustee and the Issuer dated 1 June 2006 (the **Warehouse Loan Transfer Agreement**).

The Warehouse Loan Transfer Agreement is on substantially the same terms as the Original Loan Transfer Agreement and allows SCL3 to acquire Promissory Notes from the Originator from time to time. In addition, the Warehouse Loan Transfer Agreement provides for the Promissory Notes acquired by SCL3 from the Originator thereunder, together with all of its rights and obligations in respect thereof, to be transferred to the Issuer pursuant to the SCL3 Loan Transfer Agreement (as described below).

SCL3 Loan Transfer Agreement

The Issuer and SCL3 will enter into a loan transfer agreement dated on or about the Closing Date (the **SCL3 Loan Transfer Agreement** and, together with the Originator Loan Transfer Agreement, the **Loan Transfer Agreements**) pursuant to which the Issuer may acquire Additional Promissory Notes from SCL3 on each Monthly Acquisition Date during the Revolving Period. Further, on the date on which each Additional Promissory Note is acquired by the Issuer, the Issuer shall assume all the rights and obligations of SCL3 under the Warehouse Loan Transfer Agreement in respect of such Additional Promissory Notes pursuant to a novation agreement entered into by the Issuer, SCL3, the Originator on or about the Closing Date (the **Novation Agreement**). Pursuant to the Novation Agreement, SCL3 shall novate all of its rights and obligations under the Warehouse Loan Transfer Agreement in respect of such Additional Promissory Notes acquired by SCL3 under the Warehouse Loan Transfer Agreement and subsequently assigned by SCL3 to the Issuer under the SCL3 Loan Transfer Agreement to the Issuer, including without limitation, the following:

- (a) the benefit of all the representations and warranties given to SCL3 by the Originator in respect of each such Additional Promissory Note;
- (b) the right to exercise all remedies against the Originator under the Warehouse Loan Transfer Agreement in respect of such Additional Promissory Notes (including the right to demand that an Additional Promissory Note be repurchased by the Originator under certain circumstances, for example, on the occurrence of a breach of the representations and warranties mentioned in (a) above); and
- (c) the obligation to pay deferred consideration to the Originator in respect of any such Additional Promissory Note. As a result of the Issuer assuming the obligation to pay any deferred consideration to the Originator, SCL3 is thereby released from its obligation under the Warehouse Loan Transfer Agreement to pay deferred consideration to the Originator, but only in respect of such Additional Promissory Notes.

Consideration

Pursuant to the terms of the Loan Transfer Agreements, the Sellers may sell and the Issuer will purchase Additional Promissory Notes on Monthly Acquisition Dates during the Revolving Period. The purchase

price payable shall be an amount equal to the aggregate outstanding principal amount of the relevant Additional Promissory Note as at the relevant Transfer Date. All collections that represent principal repayments due on the Additional Promissory Notes before the relevant Transfer Date will belong to the relevant Seller. However, all collections that represent payments of accrued interest and other fees on the Additional Promissory Notes attributable to the period before but not paid before the relevant Transfer Date will be sold to the Issuer and be paid to the Originator as Deferred Consideration.

On each Interest Payment Date prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and on any Business Date after the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Issuer will pay to the Originator, to the extent that the Issuer has funds, an amount by way of deferred consideration (the **Deferred Consideration**) for the purchase of the Transferred Promissory Notes. The Deferred Consideration shall, on any Interest Payment Date prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, be an amount equal to the available Revenue Receipts after deducting amounts required to meet paragraphs (a) to (s) of the Pre-Enforcement Revenue Priority of Payments and paragraphs (a) to (i) of the Pre-Enforcement Principal Priority of Payments or paragraphs (a) to (s) of the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable, and following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full will be an amount equal to the available Revenue Receipts after deducting amounts required to meet paragraphs (a) to (l) of the Post-Acceleration Priority of Payments. See further “*Cashflows*” below.

Transfer of Legal Title

The Promissory Notes comprising the Completion Portfolio and any Additional Promissory Note assigned and transferred to the Issuer pursuant to the Loan Transfer Agreements are herein referred to as the **Transferred Promissory Notes** and each, a **Transferred Promissory Note**.

The Monthly Acquisition Date on which any Promissory Note is assigned and transferred to the Issuer by a Seller is referred to as a **Transfer Date**. Title to any Promissory Note assigned and transferred by the Issuer to the Originator or SCL3 following a breach of warranty or other repurchase obligation under the Loan Transfer Agreements shall pass on the date of such repurchase (each a **Repurchase Date**).

Further Advances

If the Issuer (or the Servicer on behalf of the Issuer) receives a request for a further advance from a Customer under a Transferred Promissory Note, the Issuer (or the Servicer on behalf of the Issuer) shall immediately notify the Originator thereof and if the Originator elects (at its sole discretion) to fund such further advance, the Originator shall repurchase the relevant Transferred Promissory Note from the Issuer. The Issuer is not obliged to fund any further advance requested by the Customer. If the Issuer is not notified of the Originator’s intention to repurchase the relevant Transferred Promissory Note within 14 days of the request from the Customer for a further advance, the Issuer (or the Servicer on behalf of the Issuer) shall be entitled to notify the Customer that its request for a further advance is declined.

Any Transferred Promissory Note repurchased by the Originator for the purpose of funding a further advance may be subsequently acquired by the Issuer as an Additional Promissory Note.

The purchase price payable in respect of any such repurchase by the Originator and/or any subsequent acquisition of the relevant Promissory Note as an Additional Promissory Note by the Issuer shall be an amount equal to the aggregate outstanding principal amount of the relevant Promissory Note as at the date on which it is repurchased by the Originator or acquired by the Issuer, as the case may be, except that if any repurchase by the Originator and acquisition by the Issuer occurs on the same day, the parties shall net-off the purchase price payable by the Originator against the purchase price payable by the Issuer and only the difference shall be payable by the Issuer.

Novation by SCL3

Pursuant to the Novation Agreement, SCL3 shall novate all of its rights and obligations under the Warehouse Loan Transfer Agreement in respect of any Additional Promissory Notes acquired by the Issuer from SCL3 pursuant to the SCL3 Loan Transfer Agreement to the Issuer thereby enabling the Issuer to take the benefit of all the representations and warranties given by the Originator to SCL3 and granting the Issuer the right to exercise all remedies available to SCL3 under the Warehouse Loan Transfer Agreement against the Originator in respect of such Additional Promissory Notes.

Representations and Warranties – General

Neither the Issuer nor the Security Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the purchase of the Promissory Notes. In addition, neither the Issuer nor the Security Trustee has made (or will make) any enquiry, search or investigation at any time in relation to compliance by any party with respect to the provisions of the Loan Transfer Agreements or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Promissory Notes.

In relation to all of the foregoing matters concerning the Promissory Notes and the circumstances in which the Promissory Notes were made to the Customers prior to the transfer of the Promissory Notes to the Issuer, both the Issuer and the Security Trustee will rely entirely on the representations and warranties to be given by:

- (i) the Originator to the Issuer and the Security Trustee which are contained either in the Originator Loan Transfer Agreement or, as the case may be, the Warehouse Loan Transfer Agreement (the rights and obligations of which will be novated to the Issuer under the Novation Agreement); and
- (ii) SCL3 to the Issuer and the Security Trustee which are contained in the SCL3 Loan Transfer Agreement.

Originator Representations and Warranties

Each of the representations and warranties described below (together, the **Loan Criteria**) were made or will be made by the Originator on the following dates only and will not be repeated:

- (a) in respect of Transferred Promissory Notes comprising the Completion Portfolio, on the date on which such Transferred Promissory Notes were assigned and transferred by the Originator to the Issuer pursuant to the Original Loan Transfer Agreement;
- (b) in respect of any Additional Promissory Notes acquired by the Issuer from the Originator after the Closing Date pursuant to the Originator Loan Transfer Agreement, on the relevant Transfer Date; and
- (c) in respect of any Additional Promissory Notes acquired by the Issuer from SCL3 pursuant to the SCL3 Loan Transfer Agreement, on the date on which such Additional Promissory Notes were or are assigned and transferred by the Originator to SCL3 pursuant to the Warehouse Loan Transfer Agreement.

The representations and warranties given or to be given by the Originator under the Original Loan Transfer Agreement, the Originator Loan Transfer Agreement or the Warehouse Loan Transfer Agreement, as the case may be, will include:

- (a) **Ordinary Course of Business:** the Promissory Note is an asset of the Originator and has been originated and administered by the Originator in accordance with the Credit and Collection Policy;
- (b) **Customer:** at the time of origination of the Promissory Note, the Customer was noted as resident in Sweden in UC AB's register (or any other equivalent register) and each Customer is a natural person not presently an employee of the Originator and/or the Seller or a member of the Originator and/or Seller's group of companies;
- (c) **Valid and Binding:** each Promissory Note has been duly executed by the Customer and constitutes a legal, valid and binding obligation of the relevant Customer (subject to bankruptcy, reorganisation, insolvency and other loans affecting the rights of creditors generally);
- (d) **Currency:** the Promissory Note is denominated and payable in Swedish Kronor;
- (e) **Maximum Maturity:** the Promissory Note has a maximum legal maturity of 12 years and 1 month;
- (f) **Minimum Term:** the Promissory Note has a minimum remaining legal maturity of 1 month;
- (g) **Monthly Payment:** the terms of the contract under which the Promissory Note arises requires the Customer to make monthly payments on the Promissory Note (subject to the right to take payment holidays);
- (h) **Minimum Payment:** other than in respect of any further advances and Promissory Notes acquired by SCL3 from the Originator, the Customer of the Promissory Note has paid at least one full invoiced payment due under the term of the Promissory Note;

- (i) **Interest Rate:** the Promissory Note has a variable rate of interest set in accordance with the Credit and Collection Policy (as defined below);
- (j) **Default:** the Customer is not in default under the terms of the Promissory Note (such default will be deemed to have occurred if a Customer is six months in arrears such that the due amount from that Customer is greater than the previous five months' invoiced instalments, interest and fees);
- (k) **Delinquent Promissory Note:** the Promissory Note is not delinquent;
- (l) **Prepayment:** no notice of prepayment has been given on the Promissory Note by the Customer to the Originator;
- (m) **Solvency of the Customer:** to the best of the Originator's knowledge, the Customer in respect of the Promissory Note is not bankrupt, subject to a suspension of payments or otherwise insolvent or subject to any analogous procedure;
- (n) **Encumbrance:** the Promissory Note is not subject to any encumbrance;
- (o) **Assignability:** the Promissory note can be freely and validly transferred by way of assignment and transferred to the Issuer without any requirement to give notice to or to obtain consent from the Customer and without otherwise breaching the Promissory Note;
- (p) **Set-off:** the Seller is not aware of any circumstances which would give rise to any right of set-off, withholding, suspensions, counterclaim, defence or deduction by the Customer in respect of the Promissory Note;
- (q) **Contracts:** the Promissory Note is substantially in the form set out in the Standard Customer Documents and the Standard Variation Documents (as set out in the relevant Loan Transfer Agreement);
- (r) **Books and records:** the Seller has kept (or procured the keeping of, on its behalf of) full and proper accounts, books and records showing all material transactions, payments, receipts and proceedings relating to the Promissory Note;
- (s) **Loan Value:** the maximum value of the Promissory Note is SEK 310,000;
- (t) **Governing Law:** the contract under which the Promissory Note arises is governed by the laws of Sweden;
- (u) **Compliance with Laws:** the terms of the Promissory Note complies with all applicable laws, including in relation to the CCA and other similar regulations under Swedish law including the rules and regulations of the Swedish FSA;
- (v) **Minimum Margin:** the margin on the Promissory Note as at its last reset date, was not less than 4 per cent. and the assignment and transfer of such Promissory Note would not result in more than 10 per cent. of the Transferred Promissory Notes by outstanding principal amount having a margin of less than 5 per cent. (where margin means the interest rate applicable to the Promissory Note minus one-month STIBOR);
- (w) **Deposits:** in respect of Additional Promissory Notes acquired by the Issuer or SCL3 from the Originator after the Closing Date only, the Originator has not taken any deposits from any of the Customers (other than where S&P has confirmed that such deposit will not cause the downgrade, qualification or withdrawal of the then current ratings of any Class of Notes); and
- (x) **UC Score:** the assignment and transfer of such Promissory Note would not result in the weighted average UC Score of the Portfolio exceeding 2.75.

Credit and Collection Policy means the policies of the Originator in respect of the underwriting and collecting of loans made under the Promissory Notes, as set out in the Servicing Agreement.

SCL3 representations and warranties

Each of the representations and warranties described below (the **SCL3 Representations**) will be made by SCL3 in respect of any Additional Promissory Notes acquired by the Issuer from SCL3 pursuant to the SCL3 Loan Transfer Agreement on the relevant Transfer Date and will not be repeated.

The representations and warranties to be given by SCL3 under the SCL3 Loan Transfer Agreement will include:

- (a) **Encumbrance:** the Promissory Note is not subject to any encumbrance;
- (b) **Assignability:** the Promissory Note can be freely and validly transferred by way of assignment and transfer to the Issuer without any requirement to give notice to or to obtain consent from the Customer and without otherwise breaching the Promissory Note; and
- (c) **Set-off:** SCL3 is not aware of any circumstances which would give rise to any right of set-off, withholding, suspensions, counterclaim, defence or deduction by the Customer in respect of the Promissory Note;
- (d) **Default:** the Customer is not in default under the terms of the Promissory Note (such default will be deemed to have occurred if a Customer is six months in arrears such that the due amount from that Customer is greater than the previous five months' invoiced instalments, interest and fees);
- (e) **Delinquent Promissory Note:** the Promissory Note is not delinquent;
- (f) **Prepayment:** no notice of prepayment has been given on the Promissory Note by the Customer to SCL3;
- (g) **Solvency of the Customer:** to the best of SCL3's knowledge, the Customer in respect of the Promissory Note is not bankrupt, subject to a suspension of payments or otherwise insolvent or subject to any analogous procedure;
- (h) **Books and records:** SCL3 has kept (or procured the keeping of, on its behalf of) full and proper accounts, books and records showing all material transactions, payments, receipts and proceedings relating to the Promissory Note;
- (i) **Minimum: Margin:** the margin on the Promissory Note as at its last reset date, was not less than 4 per cent. and the assignment and transfer of such Promissory Note would not result in more than 10 per cent. of the Transferred Promissory Notes by outstanding principal amount having a margin of less than 5 per cent. (where **margin** means the interest rate applicable to the Promissory Note minus one-month STIBOR);
- (j) **UC Score:** the assignment and transfer of such Promissory Note would not result in the weighted average UC Score of the Portfolio exceeding 2.75; and
- (k) **Modification:** except as permitted by the Credit and Collection Policy, SCL3 has not agreed to any modification, amendment or waiver in respect of the Promissory Note.

Remedy for breach of Representation and Warranty

If there is a breach of the Loan Criteria by the Originator or a breach of the SCL3 Representations by SCL3 in respect of a Promissory Note, the Originator (in the case of a breach of the Loan Criteria) or SCL3 (in the case of a breach of the SCL3 Representations) will, if the breach cannot be remedied or (if capable of remedy) has not been remedied within a period of 25 days from the date on which the Originator, the Issuer or, where relevant, SCL3 first became aware of the relevant breach, be required to purchase the relevant Transferred Promissory Note from the Issuer for a consideration equal to the then outstanding principal amount of the relevant Transferred Promissory Note plus any accrued but unpaid interest thereon.

Trigger Events

For so long as a Trigger Event has occurred and is subsisting, the Issuer shall:

- (a) cease acquiring Additional Promissory Notes from the Sellers pursuant to the Loan Transfer Agreements; and
- (b) apply all Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments to redeem the Notes then outstanding until the earlier of the date that the Notes are redeemed in full or the Trigger Event is cured.

Trigger Event means any of the following events, to be determined on each Calculation Date:

- (a) 5.0 per cent. or more of the Transferred Promissory Notes in the Portfolio is Delinquent for two, three, four or five months (based on a three-month rolling average of the fraction (expressed as a percentage), the numerator of which is the outstanding principal balance of the Transferred Promissory Notes which are Delinquent and the denominator of which is the outstanding principal balance of all the Transferred Promissory Notes in the Portfolio (such balance to be calculated based on amounts outstanding on that Calculation Date and on each of the three immediately preceding Calculation Dates));
- (b) 2.5 per cent. or more of the Transferred Promissory Notes in the Portfolio have been written-off (based on a three-month rolling average of the fraction (expressed as an annualised percentage), the numerator of which is the aggregate principal balance of all the Transferred Promissory Notes in the Portfolio which have been written-off during the Calculation Period ending on the relevant Calculation Date (less any recoveries under Transferred Promissory Notes previously written-off) and the denominator of which is the outstanding principal balance of all the Transferred Promissory Notes in the Portfolio (such balances to be calculated based on amounts outstanding on that Calculation Date and on each of the three immediately preceding Calculation Dates));
- (c) the amount of margin over STIBOR charged on the Transferred Promissory Notes in the Portfolio falls below 7.0 per cent. (seven per cent.) (based on a three month rolling average of the difference between (i) the fraction (expressed as a percentage) the numerator of which is the aggregate outstanding principal balance of each Transferred Promissory Note in the Portfolio multiplied by its nominal interest rate per annum and the denominator is the outstanding principal balance of all the Transferred Promissory Notes in the Portfolio and (ii) 30-day STIBOR (such amounts to be calculated based on the amounts outstanding on each of the three immediately preceding Calculation Dates));
- (d) an Insolvency Event occurs in relation to the Originator;
- (e) there is a debit on any Principal Deficiency Ledger;
- (f) the aggregate amount of the Transferred Promissory Notes in the Portfolio which have been written-off since the Closing Date is, prior to the Interest Payment Date falling in June 2007, more than 1.5 per cent. of the aggregate principal balance of all the Transferred Promissory Notes in the Portfolio or is, prior to the Interest Payment Date falling in December 2007, more than 3 per cent. of the aggregate principal balance of all the Transferred Promissory Notes in the Portfolio (such amounts to be calculated based on amounts outstanding under Transferred Promissory Notes on each immediately preceding Calculation Date);
- (g) there is a change in the ownership of the Originator, unless the new owner has been approved by the Swedish FSA; or
- (h) the aggregate amount of Transferred Promissory Notes in the Portfolio attributable to a single municipality in Sweden exceeds 50 per cent. of the aggregate principal balance of all the Transferred Promissory Notes in the Portfolio.

Insolvency Event means the occurrence of one or more of the following events in respect of the Originator:

- (a) an order is made or an effective resolution passed for the winding up of the Originator;
- (b) the Originator ceases or threatens to cease to carry on its business or stops payment or threatens to stop payment of all or a material part of its debts or is deemed unable to pay its debts within the meaning of chapter 2, sections 7-9 of the Swedish Bankruptcy Act (Sw: **konkurslagen** (1987:672)); or
- (c) the Originator takes any corporate action or other steps are taken or legal proceedings are started (other than proceedings which are being disputed in good faith by appropriate legal proceedings and are withdrawn or struck out or dismissed within 30 days) by any person for the Originator's dissolution, re-organisation or for the appointment of a liquidator, bankruptcy administrator or similar officer.

Governing law

Each of the Originator Loan Transfer Agreement, the Warehouse Loan Transfer Agreement and the SCL3 Loan Transfer Agreement will be governed by Swedish law.

Servicing Agreement

General

The Original Servicing Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer and the Servicer dated on or before the Closing Date (as so amended and restated, the **Servicing Agreement**).

Servicing of the Transferred Promissory Notes

Under the Servicing Agreement, the Servicer will agree to, *inter alia*, the following:

- (a) service of all Transferred Promissory Notes in the Portfolio (including those sold by the Originator to the Issuer as well as those sold by SCL3 to the Issuer) on behalf of the Issuer and the Security Trustee with the same level of care and diligence as would a reasonable prudent lender;
- (b) keep full and proper ledgers, books, accounts and records in relation to the Transferred Promissory Notes and keep them up to date;
- (c) maintain management information systems which are adequate to generate reliable periodical and statistical portfolio information for the purposes of the Issuer's reporting obligations;
- (d) prepare and submit on behalf of the Issuer all necessary applications and requests for any approval, authorisation, consent or licence required by Swedish law or regulation in connection with the business of the Issuer;
- (e) procure (so far as the Servicer, using its reasonable endeavours, is able so to do) compliance by the Issuer with all applicable requirements and with the terms of the Transaction Documents;
- (f) ensure that each Transferred Promissory Note is delivered without delay and on a daily basis to and kept by the Storage Company in accordance with the terms of the Recall Agreement;
- (g) supervise and monitor payments falling due in respect of the Transferred Promissory Notes;
- (h) agree to Conversions (including, without limitation, as to interest rates, loan periods, compositions, payment holidays and amortisation) for a Transferred Promissory Note provided that certain conditions are satisfied;
- (i) when recovering payments and enforcing claims relating to Transferred Promissory Notes, at all times follow the procedures set out in the Credit and Collection Policy;
- (j) provide in a timely manner to the Cash Manager all information that the Cash Manager requires and which is available to the Servicer in order to make the necessary calculations and determinations in respect of the amounts to be paid by the Issuer on the following Interest Payment Date and to enable the Cash Manager to prepare the Monthly Report to Noteholders;
- (k) monitoring the arrangements for insurance which relate to the Transferred Promissory Notes and maintaining procedures to ensure that all insurance policies in respect of the Transferred Promissory Notes are renewed on a timely basis; and
- (l) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Originator or SCL3, as the case may be, to repurchase any Transferred Promissory Note pursuant to any of the Loan Transfer Agreements, notifying the Originator or SCL3, as the case may be, of such event.

Removal or resignation of the Servicer

The appointment of the Servicer may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) upon written notice to the Servicer on the occurrence and continuance of certain events (each a **Servicer Termination Event**), including if:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it and such default is not remedied within ten Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice by the Issuer or the Security Trustee requiring the same to be remedied;

- (b) the Servicer defaults in the performance or observance of any of its covenants and obligations, which, in the opinion of the Issuer or the Security Trustee, is a material default and (except when such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned shall be required) such default is not remedied within fifteen Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice by the Issuer or the Security Trustee requiring the same to be remedied;
- (c) any material representation or warranty made in the Servicing Agreement, or in any certificate, statement or document delivered or made by the Servicer pursuant hereto, is or proves to have been incorrect when made; or
- (d) the occurrence of an insolvency related event in relation to the Servicer (similar to an Insolvency Event).

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer has been appointed, the Servicer may voluntarily resign by giving not less than twelve months' notice of termination to the Issuer and the Security Trustee.

Fees

The Issuer will pay to the Servicer monthly in arrear on each Interest Payment Date a servicing fee of 0.125 per cent. per annum (inclusive of value added tax (if any)) of the aggregate outstanding principal balance of the Transferred Promissory Notes in the Portfolio as at the immediately preceding Calculation Date. The Issuer will also be required to reimburse the Servicer, on each Interest Payment Date, for any out-of-pocket costs and expenses incurred by the Servicer in the performance of its duties under the Servicing Agreement.

Governing law

The Servicing Agreement will be governed by Swedish law.

Standby Servicing Agreement

General

The Original Standby Servicing Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer, the Servicer and the Standby Servicer dated on or before the Closing Date (as so amended and restated, the **Standby Servicing Agreement**). Pursuant to the Standby Servicing Agreement, the Standby Servicer will agree to assume the administration functions of the Servicer should the appointment of Nordax Finans AB (publ) as Servicer be terminated. The appointment of the Standby Servicer may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) upon written notice to the Standby Servicer on the occurrence and continuance of certain events. In addition, the Standby Servicer may voluntarily resign by giving not less than six months' notice of termination to the Issuer and the Security Trustee provided that certain conditions are met, including, that a suitably qualified substitute Standby Servicer shall have been appointed. Any costs incurred by the Issuer as a result of the appointment of any substitute Standby Servicer shall be paid by the Standby Servicer whose appointment is being terminated.

Governing law

The Standby Servicing Agreement will be governed by Swedish law.

Servicing Transfer Agreement

The Original Servicing Transfer Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer, the Servicer, the Standby Servicer and the Service Provider dated on or before the Closing Date (as so amended and restated, the **Servicing Transfer Agreement**). Pursuant to the Servicing Transfer Agreement, the Service Provider will agree to facilitate the taking over of the servicing of the Transferred Promissory Notes by the Servicer, the Standby Servicer or any replacement Standby Servicer facilitated by the Standby Facilitator, as appropriate. The Servicing Transfer Agreement will be governed by Swedish law.

Cash Management Agreement

General

The Original Cash Management Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer and the Cash Manager dated on or before the Closing Date (as so amended and

restated, the **Cash Management Agreement**). Pursuant to the Cash Management Agreement, each of the Issuer and the Security Trustee will appoint the Cash Manager to be its agent to provide certain cash management services in respect of the GIC Account and the Transaction Account (the **Cash Management Services**) and to prepare certain Monthly Reports which will be made available to Noteholders.

The Cash Manager will undertake with the Issuer and the Security Trustee that, in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will be required to perform such responsibilities and duties diligently and in conformity with the Issuer's obligations pursuant to the Transaction Documents and that it will be obliged to comply with any directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement, the Trust Deed and the English Deed of Charge. In the event of a conflict between the directions of the Issuer and the Security Trustee, the directions of the Security Trustee will always prevail.

Calculation of Amounts and Payments

Under the Servicing Agreement, the Servicer is required to identify funds paid under the Transferred Promissory Notes (the **Collections**). The Servicer will advise the Cash Manager of these determinations and the Cash Manager will allocate funds accordingly. Any such amounts to be paid to the Issuer will be paid to the GIC Account and credited by the Cash Manager to the relevant ledger set out below. The Cash Manager is required to apply such funds in accordance with the Priorities of Payments set out in the Cash Management Agreement and described below. See "*Cashflows*" below.

On each Calculation Date, the Cash Manager is required to determine, from information provided by the Servicer in respect of the Collections from the immediately preceding Calculation Period and the Principal Paying Agent in respect of the Principal Amount Outstanding for each Class of the Notes and the interest due in respect thereof on the next Interest Payment Date, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments.

Monthly Report

On each Interest Payment Date, the Cash Manager will deliver to the Issuer, the Security Trustee, the Note Trustee, the Paying Agents and the Rating Agencies a report (the **Monthly Report**) in respect of the immediately preceding Calculation Period in which it will notify the recipients of, among other things, the performance of the Transferred Promissory Notes in the Portfolio, all amounts received in the GIC Account and payments made with respect thereto. In addition, on the Interest Payment Date following the date that the annual audit of the Originator is completed (which shall occur prior to or within 1 month of each anniversary of the Closing Date), the Cash Manager shall confirm in the Monthly Report that such audit has been completed and whether there were any adverse findings against the management of the Originator. Copies of the Monthly Reports will be held by the Paying Agents at their offices and available for viewing by Noteholders.

Fees

The Issuer will pay to the Cash Manager monthly in arrear on each Interest Payment Date a cash management fee of 0.125 per cent. per annum (inclusive of value added tax (if any)) of the aggregate outstanding principal balance of the Transferred Promissory Notes as at the immediately preceding Calculation Date. The Issuer will also be required to reimburse the Cash Manager, on each Interest Payment Date, for any out-of-pocket costs and expenses incurred by the Cash Manager in the performance of its duties under the Cash Management Agreement.

Termination of appointment of the Cash Manager

The Issuer or the Security Trustee may terminate the Cash Manager's appointment, with effect from the date of notification, upon the occurrence of a termination event, including, among other things:

- (a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer which continues unremedied for a period of five Business Days;
- (b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for fifteen Business Days; or
- (c) an insolvency event occurs in relation to the Cash Manager (similar to an Insolvency Event).

On the termination of the appointment of the Cash Manager by the Issuer or the Security Trustee, the Issuer or the Security Trustee may, subject to certain conditions, appoint a successor cash manager.

In addition, the Cash Manager may resign as Cash Manager upon not less than twelve months' written notice of resignation to each of the Issuer and the Security Trustee, provided that certain conditions are met, including that a suitably qualified successor Cash Manager shall have been appointed. Any costs incurred by the Issuer as a result of the appointment of any successor Cash Manager shall be paid by the Cash Manager whose appointment is being terminated.

Governing law

The Cash Management Agreement will be governed by English law

Recall Agreement

The Original Recall Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer and the Storage Company dated on or before the Closing Date (as so amended and restated, the **Recall Agreement**). The Recall Agreement will provide for the storage and safe keeping of the Transferred Promissory Notes by the Storage Company. The Recall Agreement will be governed by Swedish law.

Corporate Services Agreement

The Original Corporate Services Agreement will be amended and restated by an agreement between, *inter alios*, the Issuer, the Corporate Services Provider and the Share Trustee dated on or before the Closing Date (as so amended and restated, the **Corporate Services Agreement**). Pursuant to the Corporate Services Agreement, the Corporate Services Provider will agree to provide certain corporate administrative services to the Issuer.

Each of the Issuer and the Corporate Services Provider may terminate the Corporate Services Agreement:

- (a) by giving not less than 60 days' notice in writing to the Issuer or the Corporate Services Provider, as appropriate; or
- (b) at any time, with effect from the date of notification, if the Corporate Services Provider or the Issuer, as the case may be, commits a material breach of its obligations under the Corporate Services Agreement which continues unremedied for 30 days.

In addition, the Issuer may terminate the agreement if an insolvency event occurs in relation to the Corporate Services Provider or if the Corporate Services Provider ceases or threatens to cease to carry on its business or stops payment of or threatens to stop payment of its debts. If the agreement is terminated by the Corporate Services Provider, it shall use its reasonable endeavours to procure the services of another person willing to provide corporate services to the Issuer on substantially the same terms.

The Corporate Services Agreement will be governed by Jersey law.

NEW TRANSACTION DOCUMENTS

Currency Hedge Agreements

General

Subscription amounts for the Notes will be paid by investors in Euro and payments by the Issuer in relation to interest and principal on the Notes will be made in Euro. The consideration for the purchase by the Issuer of the Promissory Notes and the repayments to the Facility Provider and the Subordinated Loan Lender under the Existing Note Issuance Facility Agreement and the Existing Subordinated Loan Agreement, respectively, and the amounts standing to the credit of the Credit Enhancement Reserve will be in Swedish Kronor, as will collections in relation to the Transferred Promissory Notes. To hedge its currency exposure the Issuer will enter into a Currency Hedge Agreement in relation to each Class of the Notes pursuant to which the Issuer will pay to the Currency Hedge Provider on the Closing Date an amount equal to the net proceeds of the relevant Class of Notes in Euro. In return, the Currency Hedge

Provider will pay to the Issuer on the Closing Date the Swedish Kronor equivalent of that Euro amount (calculated by reference to the Currency Exchange Rate determined in accordance with the terms of the relevant Currency Hedge Agreement). The exchange rates for all such currency exchanges will be determined on or prior to the Closing Date.

Thereafter, in respect of each Interest Payment Date, the Issuer will pay to the Currency Hedge Provider an amount in Swedish Kronor calculated by reference to one month STIBOR (plus a margin) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period (with the Principal Amount Outstanding of the Notes of the relevant Class being converted from Euro to Swedish Kronor at the Currency Exchange Rate). In return, the Currency Hedge Provider will pay on each Interest Payment Date to the Principal Paying Agent (on behalf of the Issuer) an amount denominated in Euro calculated by reference to Note EURIBOR (plus the margin on the Notes of the relevant Class) and based on the Principal Amount Outstanding of the Notes of the relevant Class at the beginning of the relevant Interest Period.

If the Issuer does not have sufficient Issuer Available Funds to make the full payment (in respect of interest amounts) due under a Currency Hedge Agreement, the amount payable by the Currency Hedge Provider will be reduced proportionately by a corresponding amount and such unpaid amounts will be deferred until the Issuer has sufficient Issuer Available Funds to pay the amounts so deferred on a subsequent Interest Payment Date.

In addition, the Issuer will pay the Currency Hedge Provider on each Interest Payment Date an amount in Swedish Kronor equivalent to the amount (calculated by reference to the Currency Exchange Rate) to be applied towards redemption of the Notes on that Interest Payment Date. In return, the relevant Currency Hedge Provider will pay to the Principal Paying Agent (on behalf of the Issuer) the equivalent amount denominated in Euro on that Interest Payment Date.

Tax Payments

The Currency Hedge Provider will be obliged to make payments under the Currency Hedge Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Currency Hedge Provider will be required to pay such additional amount as is necessary to ensure that the amount actually received by the Issuer (but paid (on behalf of the Issuer) to the Principal Paying Agent) will equal the full amount the Issuer would have received had no such withholding or deduction been required and, if such withholding or deduction is a withholding or deduction which will or would be or becomes the subject of any tax credit, allowance, set-off, repayment or refund to the Currency Hedge Provider, to use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer and may transfer the relevant swap to an affiliate to mitigate the same. In the event of a withholding tax being imposed on payments due to be made by the Issuer to the Currency Hedge Provider, the Issuer will not be obliged to gross up such payments.

The Currency Hedge Agreements will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law since the Closing Date, the Currency Hedge Provider will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Currency Hedge Agreement or the Currency Hedge Provider will, or there is a substantial likelihood that it will, receive payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax (a **Currency Hedge Tax Event**), the Currency Hedge Provider will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Currency Hedge Tax Event. If no such transfer can be effected, the relevant Currency Hedge Agreement may be terminated. The Currency Hedge Agreements will contain certain other limited termination events and events of default which will entitle either party to such agreement to terminate it. Any costs relating to the replacement of the Currency Hedge Provider shall be borne by the Currency Hedge Provider.

Ratings downgrade of the Currency Hedge Provider

Under the terms of each of the Currency Hedge Agreements, in the event that the ratings of the Currency Hedge Provider or, if relevant, its Credit Support Provider (as defined in the relevant Currency Hedge Agreement), are downgraded by S&P or Moody's, as applicable, below the Currency Hedge Provider Requisite Ratings, the Currency Hedge Provider will, in accordance with such Currency Hedge Agreement, be required to take certain remedial measures which may include providing collateral for its

obligations under such Currency Hedge Agreement, arranging for its obligations under such relevant Currency Hedge Agreement to be transferred to an entity with the Currency Hedge Provider Requisite Ratings, procuring another entity with the Currency Hedge Provider Requisite Ratings to become co-obligor in respect of its obligations under such Currency Hedge Agreement or taking such other action as it may agree with S&P and/or Moody's, in each case such that the ratings of the Notes will be no lower than the ratings which such Notes had prior to the downgrade of the Currency Hedge Provider or, if relevant, its Credit Support Provider by S&P and/or Moody's. If the unsecured, unsubordinated and unguaranteed debt obligations of the Currency Hedge Provider cease to be rated at least: (a) in the case of short term debt obligations, "A-1+" by S&P or (b) in the case of long term debt obligations, "AA-" by S&P and "A1" by Moody's or a rating assigned to its unsecured, unsubordinated and unguaranteed short term and long term debt obligations of at least "A2" and "P-1" respectively by Moody's, then the Issuer will have the right to terminate the relevant Currency Hedge Agreement unless the relevant Currency Hedge Provider at its own cost takes any of the actions (other than the posting of collateral) described above in the time frame prescribed in the Currency Hedge Agreements and (if applicable) continues to provide collateral in accordance with the above until such action is taken.

Governing law

The Currency Hedge Agreements will be governed by English law.

English Deed of Charge

General

On or before the Closing Date, the Issuer will enter into a deed of charge and assignment (the **English Deed of Charge**) with each of the Security Trustee, the Note Trustee, the Currency Hedge Provider, the Cash Manager, the Agent Bank, the Paying Agents, the Account Bank, the Corporate Services Provider, the Servicer, the Standby Facilitator, the Start-up Loan Provider, the Originator and the Sellers (together with the Noteholders and any receiver or other appointee of the Security Trustee, the **Secured Parties**) pursuant to which the Issuer will grant security in respect of its obligations, including its obligations under the Notes.

English Security Assets

Under the English Deed of Charge, the Issuer will grant the following security in favour of the Security Trustee who will hold such security on trust for the benefit of itself and the other Secured Parties in accordance with their respective interests:

- (a) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under:
 - (i) the Trust Deed;
 - (ii) the Agency Agreement;
 - (iii) the Cash Management Agreement;
 - (iv) the Currency Hedge Agreements;
 - (v) the Subscription Agreement; and
 - (vi) any other Transaction Document to the extent such Transaction Document or any of the rights and obligations thereunder are deemed to be situated in England; and
- (b) a first floating charge over all of the property, assets, rights and undertaking, both present and future, of the Issuer (including without limitation its uncalled capital), other than any property or assets effectively pledged or assigned pursuant to the Swedish Security Agreement or the Jersey Security Agreement or already subject to the fixed security mentioned above,

(together, the **English Security Assets**), all as more particularly set out in the English Deed of Charge.

The Security Trustee shall not be bound to enforce the security constituted by the English Deed of Charge or take proceedings against the Issuer or any other person to enforce the provisions of the English Deed of Charge or any of the other Transaction Documents or any other action thereunder unless:

- (a) it shall have been directed or requested to do so by the Note Trustee or, if there are no Notes outstanding, it has been directed to do so by all of the other Secured Parties; and

- (b) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

Limited recourse

The Notes will be limited recourse obligations of the Issuer. On enforcement of the Issuer Security, recourse in respect of all the Issuer's other obligations (including the obligation to pay principal and interest on the Notes) will be limited to the proceeds of realisation of the Issuer Security and to the extent the proceeds of enforcement are insufficient to satisfy the obligations of the Issuer in respect of the Secured Obligations (including amounts due in respect of the Notes) such obligations shall be extinguished.

Non-petition

Each of the Secured Parties which is a party to the English Deed of Charge (other than the Security Trustee) will agree in the English Deed of Charge that, unless the Security Trustee, having become bound to serve an Acceleration Notice, fails to do so within a reasonable period and such failure is continuing, it will not take any steps for the purpose of recovering any debts due or owing to it by the Issuer and, in any event, each Secured Party will agree not to petition or procure the petitioning for the winding-up or administration of the Issuer or to file documents with the court or serve a notice of intention to appoint an administrator in relation to the Issuer.

Enforcement

The Issuer Security will become enforceable on the occurrence of a Note Event of Default pursuant to **Condition 9 (Note Events of Default)** (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). In respect of a Note Event of Default, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the English Deed of Charge to be paid *pari passu* with, or in priority to, the Notes or (ii) the Security Trustee has been advised by such professional advisers as are selected by the Security Trustee, upon whom the Security Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the English Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Charged Property or (iii) the Security Trustee determines that not to effect such disposal would or would be likely to place the Issuer Security in jeopardy, and, in any event, the Security Trustee has been secured and/or indemnified to its satisfaction.

Governing law

The English Deed of Charge will be governed by English law.

Swedish Security Agreement

General

On or before the Closing Date, the Issuer will enter into a security agreement (the **Swedish Security Agreement**) with each of the Security Trustee and the Cash Manager pursuant to which the Issuer will provide collateral to the Secured Parties to secure its obligations and liabilities.

Swedish Security Assets

Under the Swedish Security Agreement, the Issuer will grant the following security in favour of the Security Trustee who will hold such security on trust for the benefit of itself and the other Secured Parties in accordance with their respective interests:

- (a) a first ranking security over all present and future claims under any and all of the Transferred Promissory Notes that the Issuer acquires from time to time from the Sellers (to the extent not transferred to the Originator pursuant to the Loan Transfer Agreements) and over such Transferred Promissory Notes in their physical form, evidencing such claims (which includes, for the avoidance of doubt, any claim in relation to any increase of the principal of a loan made under a Transferred Promissory Note);

- (b) a first ranking security over the Issuer's rights, title and interest, both present and future, in and to the insurance proceeds received from time to time from an insurance company following a claim under an insurance policy provided by that insurance company in respect of a Transferred Promissory Note (the **Insurance Proceeds**) and held by the Originator;
- (c) a first ranking security over the GIC Account and all funds held on the GIC Account from time to time; and
- (d) a first ranking security over the Issuer's rights, title and interest, both present and future, in, to and under the Loan Transfer Agreements, the Servicing Agreement, the Standby Servicing Agreement, the Standby Facilitator Agreement, the Servicing Transfer Agreement, the Bank Account Agreement, the Start-up Loan Agreement and any other Transaction Document (together, the **Swedish Law Agreements**) to the extent such Transaction Document or any of the rights and obligations thereunder are deemed to be situated in Sweden,

(together, the **Swedish Security Assets**), all as more particularly set out in the Swedish Security Agreement.

Restrictions on exercise of certain rights

All amounts received in respect of the Swedish Security Assets shall be paid into the GIC Account. No withdrawals may be made by the Issuer from the GIC Account without the prior written consent of the Security Trustee. The Cash Manager may (acting as agent of the Security Trustee), prior to the security over the Swedish Security Assets becoming enforceable, make withdrawals from the GIC Account in accordance with the terms of the Cash Management Agreement and the Bank Account Agreement.

Enforcement

The Security Trustee may, upon the occurrence of a Note Event of Default pursuant to **Condition 9 (Note Events of Default)** (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due under the Notes): (i) take possession of and collect amounts payable under the Transferred Promissory Notes; (ii) withdraw any amounts standing to the credit of the GIC Account; (iii) collect any amounts or assets derived from the Swedish Law Agreements; (iv) collect any amounts of Insurance Proceeds; and (v) liquidate any or all of the Swedish Security Assets through one or more sales.

Governing law

The Swedish Security Agreement will be governed by Swedish law.

Jersey Security Agreement

General

On or before the Closing Date, the Issuer will enter into a security agreement (the **Jersey Security Agreement**) with each of the Security Trustee and the Corporate Services Provider. Under the Jersey Security Agreement, the Issuer will create security in favour of the Security Trustee for the benefit of the Secured Parties over all the Issuer's interest in the Corporate Services Agreement and any other Transaction Document to the extent such Transaction Document or any of the rights and obligations thereunder are deemed to be situated in Jersey (the **Jersey Security Assets**).

Governing law

The Jersey Security Agreement will be governed by Jersey law.

Bank Account Agreement

General

The Issuer, the Cash Manager, the Account Bank and the Security Trustee will enter into a bank account agreement (the **Bank Account Agreement**) on or before the Closing Date pursuant to which the Issuer will establish the GIC Account and the Transaction Account.

The Servicer (acting as agent for the Issuer) will be responsible, pursuant to the terms of the Servicing Agreement, for ensuring that the amounts received in connection with the Transferred Promissory Notes are paid into the GIC Account. Payments out of the GIC Account and the Transaction Account will be made in accordance with the provisions of the Cash Management Agreement and the relevant Priority of Payments contained therein and in the English Deed of Charge as described under “*Cashflows*” below.

The Bank Account Agreement also contains a provision whereby the Account Bank will guarantee the Issuer a minimum rate of interest on sums standing from time to time to the credit of the GIC Account of STIBOR 7 minus 0.20 per cent. per annum. Further, the Account Bank will agree to exchange Swedish Kronor into other currencies at the prevailing spot rate to the extent necessary to allow the Issuer to pay those of its obligations under the Priority of Payments (other than pursuant to paragraphs (d), (f), (h), (j), (l), (n) and (o) of the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments or paragraphs (d), (e), (f), (g) and (h) of the Post-Acceleration Priority of Payments) which are denominated in currencies other than Swedish Kronor.

If the Account Bank ceases to be an **Eligible Bank** (being a Swedish bank or a Swedish branch of a bank the short-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least “P-1” by Moody’s and “A-1+” by S&P or (if the aggregate amount standing to the credit of the GIC Account and the Transaction Account does not exceed 20 per cent. of the Principal Amount Outstanding of the Notes) “A-1” by S&P or is otherwise acceptable to the Rating Agencies), then the Issuer will be required to arrange for the transfer (within 30 days) of the GIC Account to an Eligible Bank on terms acceptable to the Security Trustee.

Governing law

The Bank Account Agreement will be governed by Swedish law.

Standby Facilitator Agreement

General

Pursuant to a standby facilitator agreement to be entered into on or prior to the Closing Date (the **Standby Facilitator Agreement**) between the Issuer, the Security Trustee and the Standby Facilitator, the Standby Facilitator will agree to facilitate the appointment of a replacement Standby Servicer in the event that the appointment of the Standby Servicer under the Standby Servicing Agreement is terminated.

Governing law

The Standby Facilitator Agreement will be governed by Swedish law.

Trust Deed

General

On or before the Closing Date, the Issuer and the Note Trustee will enter into a trust deed (the **Trust Deed**) pursuant to which the Notes will be constituted. The Trust Deed will include the form of the Notes and contain a covenant from the Issuer to the Note Trustee to pay all amounts due under the Notes. The Note Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

The Trust Deed will contain provisions requiring the Note Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders equally (except where expressly provided otherwise), but where there is, in the Note Trustee’s opinion; (A) a conflict between the interests of (i) the Class A Noteholders and (ii) any other Class of Noteholders, the Trust Deed will require the Note Trustee to have regard to the interests of the Class A Noteholders only, provided there are Class A Notes outstanding; (B) if, in the Note Trustee’s opinion, there is a conflict between the interests of (i) the Class B Noteholders and (ii) the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Note Trustee, subject to paragraph (A) above, to have regard to the interests of the Class B Noteholders only, provided there are Class B Notes outstanding; (C) if, in the Note Trustee’s opinion, there is a conflict between the interests of (i) the Class C Noteholders and (ii) the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Note Trustee, subject to paragraphs (A) and (B) above, to

have regard to the interests of the Class C Noteholders only, provided there are Class C Notes outstanding; and (D) if, in the Note Trustee's opinion, there is a conflict between the interests of (i) the Class D Noteholders and (ii) the Class E Noteholders, the Trust Deed will require the Note Trustee, subject to paragraphs (A), (B) and (C) above, to have regard to the interests of the Class D Noteholders only, provided there are Class D Notes outstanding. Only the holders of the Most Senior Class of Notes outstanding may request or direct the Note Trustee to take any action under the Trust Deed.

The Trust Deed will provide that the Note Trustee may, at its discretion, take any action (including, without limitation (a) acceleration of the Notes or (b) the giving of a direction to the Security Trustee to enforce the Issuer Security) but will not be bound to take any such action unless it is directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding and, in each case, it has been indemnified and/or secured to its satisfaction.

Governing law

The Trust Deed will be governed by English law.

Agency Agreement

General

Pursuant to a paying agent and agent bank agreement to be entered into on or prior to the Closing Date (the **Agency Agreement**) between the Issuer, the Note Trustee, the Principal Paying Agent, the Irish Paying Agent and the Agent Bank, provision will be made for, among other things, payment of principal and interest in respect of the Notes of each Class.

Governing law

The Agency Agreement will be governed by English law.

Start-up Loan Agreement

General

Pursuant to a start-up loan agreement to be entered into on or prior to the Closing Date (the **Start-up Loan Agreement**) between the Issuer, the Security Trustee and the Start-up Loan Provider, the Start-up Loan Provider will provide a loan to the Issuer for the payment of certain expenses in connection with the issue of the Notes (the **Start-Up Expenses**).

Governing law

The Start-up Loan Agreement will be governed by Swedish law.

CASHFLOWS

Collection Procedures

Customers are required to make their scheduled monthly payments of principal, interest and other amounts in respect of their Promissory Notes. All payments to be made by the Customers in respect of amounts due under their Promissory Notes are collected on the relevant payment date of each Promissory Note (each, a **Promissory Note Payment Date**), either by direct debit from an account of the relevant Customer or by way of bank transfer and credited to the GIC Account.

Ledgers

The Cash Manager will maintain the following ledgers (together, the **Ledgers**):

- (a) a ledger in respect of all Income Receipts standing to the credit of the GIC Account (the **Income Ledger**);
- (b) a ledger in respect of Principal Receipts standing to the credit of the GIC Account (the **Principal Ledger**);
- (c) a ledger which shall record principal deficiencies in respect of the Class A Notes (the **Class A Principal Deficiency Ledger**);
- (d) a ledger which shall record principal deficiencies in respect of the Class B Notes (the **Class B Principal Deficiency Ledger**);
- (e) a ledger which shall record principal deficiencies in respect of the Class C Notes (the **Class C Principal Deficiency Ledger**);
- (f) a ledger which shall record principal deficiencies in respect of the Class D Notes (the **Class D Principal Deficiency Ledger**);
- (g) a ledger which shall record the Reserve Required Amount standing to the credit of the GIC Account (the **Credit Enhancement Reserve Ledger**); and
- (h) a ledger which shall record credits to and debits from the Transaction Account in respect of the Float Amount (the **Transaction Account Ledger**).

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Security Trustee or the Servicer may from time to time request or which the Cash Manager considers (in its discretion) to be reasonable or necessary to keep.

The Cash Manager will from time to time in accordance with the payments made:

- (a) credit the Income Ledger with all Income Receipts credited to the GIC Account and debit the Income Ledger with all payments by or on behalf of the Issuer out of Revenue Receipts applied in accordance with the Pre-Enforcement Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments and/or the Post-Acceleration Priority of Payments (as the case may be);
- (b) credit the Principal Ledger with all Principal Receipts credited to the GIC Account and debit the Principal Ledger with all payments by or on behalf of the Issuer out of Principal Receipts and applied in accordance with the Pre-Enforcement Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments and/or the Post-Acceleration Priority of Payments (as the case may be);
- (c) credit the Credit Enhancement Reserve Ledger with the proceeds of the issue of the Class E Notes and any further amounts credited to the Credit Enhancement Reserve Ledger (up to the Reserve Required Amount) in accordance with the Pre-Enforcement Revenue Priority of Payments;
- (d) debit the Credit Enhancement Reserve Ledger with any payments made therefrom to pay amounts ranking in priority thereto in accordance with the Pre-Enforcement Revenue Priority of Payments;
- (e) debit the Transaction Account Ledger with any payments made from the Transaction Account and credit the Transaction Account Ledger with any payments made to the Transaction Account (in each case in an amount not exceeding the Float Amount);
- (f) debit the relevant Principal Deficiency Ledger with (i) the amount (as notified to it by the Servicer) of any Losses in respect of the Transferred Promissory Notes and (ii) an amount equal to the amount of Principal Receipts applied in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments (as the case may be) towards satisfaction of any Revenue Deficit; and

- (g) credit the relevant Principal Deficiency Ledger with (i) net recoveries of principal from defaulting Customers under the Transferred Promissory Notes being enforced but not written-off and (ii) the amount of any Revenue Receipts applied as Deemed Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments (as the case may be).

Credit Enhancement Reserve

On the Closing Date, the Issuer shall establish a Credit Enhancement Reserve in an amount equal to SEK 69,724,250 which is the SEK equivalent of €7,550,000 calculated at the Currency Exchange Rate (the **Initial Reserve Amount**) (which shall be funded from the proceeds of the issue of the Class E Notes (converted into Swedish Kronor at the Currency Exchange Rate)).

The Credit Enhancement Reserve will be replenished on each Interest Payment Date, pursuant to the Pre-Enforcement Revenue Priority of Payments, in an amount up to the sum of (a) and (b) below (the **Reserve Required Amount**) as determined on each Calculation Date:

- (a) the amount set below, in relation to the lowest margin (where **margin** means the interest rate on the Transferred Promissory Note less one-month STIBOR as at the preceding interest reset date for that Transferred Promissory Note) for any Transferred Promissory Note (disregarding that 10 per cent. by outstanding principal amount of the Transferred Promissory Notes which have the lowest margin among all the Transferred Promissory Notes) so that if the lowest margin is:
- (i) greater than 6.5 per cent., the amount shall be SEK 69,724,250 (SEK equivalent of €7,550,000, calculated at the Currency Exchange Rate);
 - (ii) 6.5 per cent. or lower but greater than 6.0 per cent., the amount shall be SEK 74,537,532 (SEK equivalent of €8,071,200, calculated at the Currency Exchange Rate);
 - (iii) 6.0 per cent. or lower but greater than 5.5 per cent., the amount shall be SEK 80,748,993 (SEK equivalent of €8,743,800 calculated at the Currency Exchange Rate); and
 - (iv) 5.5 per cent. or lower, the amount shall be SEK 85,407,588 (SEK equivalent of €9,248,250, calculated at the Currency Exchange Rate),

plus

- (b) for each Transferred Promissory Note and for so long as the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes remain outstanding, the product of the outstanding principal balance of each Transferred Promissory Note which is Delinquent (as defined below), multiplied by the factor set out below:
- (i) for the first month it is Delinquent, the factor shall be 0 per cent.;
 - (ii) for the second month it is Delinquent, the factor shall be 20 per cent.;
 - (iii) for the third month it is Delinquent, the factor shall be 40 per cent.;
 - (iv) for the fourth month it is Delinquent, the factor shall be 60 per cent.; and
 - (v) for the fifth month it is Delinquent (and each month thereafter that it is Delinquent), the factor shall be 100 per cent.

Delinquent means in respect of a given date, interest, expenses and principal which are due and payable and remain unpaid but not written off on that date.

Following repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, there shall be no requirement to retain the Credit Enhancement Reserve at the Reserve Required Amount and any amounts standing to the credit of the Credit Enhancement Reserve Ledger shall be applied to repay the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero in accordance with the Pre-Enforcement Revenue Priority of Payments. Following repayment in full of the Class E Notes, any remaining amounts standing to the credit of the Credit Enhancement Reserve Ledger shall be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Priorities of Payments

The payment priorities in respect of the GIC Account will be set out in the Cash Management Agreement and the English Deed of Charge. Prior to the delivery of an Acceleration Notice or the Notes otherwise

becoming due and repayable in full and/or the Security Trustee taking any steps to enforce the Issuer Security, the Cash Manager will be responsible for making any payments of scheduled principal or prepayment on the Notes from amounts credited to the Principal Ledger on the GIC Account (in accordance with the Pre-Enforcement Principal Priority of Payments) and for making payments of, among other things, interest on the Notes from the Revenue Ledger on the GIC Account (in accordance with the Pre-Enforcement Revenue Priority of Payments). From and including the time at which the Security Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Security Trustee (or, with the consent of the Security Trustee, the Cash Manager on its behalf) will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Security Trustee will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Acceleration Priority of Payments.

Payments from amounts credited to the Revenue Ledger – Revenue Priority Amounts

The **Float Amount** shall be an amount not exceeding SEK 500,000 which shall be funded from available Revenue Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Priority of Payments and credited to the Transaction Account. Prior to (i) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or (ii) the Security Trustee taking any steps to enforce the Issuer Security, the Cash Manager (on behalf of the Issuer) will, on any Business Day, pay out of the Float Amount (or, if the Float Amount is insufficient, other amounts (if any) standing to the credit of the Transaction Account), certain expenses due to third parties that are not Secured Parties incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to the Service Provider, Recall, taxation authorities, its auditors and, to the extent not provided for elsewhere, any fees due to any proper authority in order to maintain the corporate standing of the Issuer (together the **Revenue Priority Amounts**), provided that on any Interest Payment Date, such payment shall be made in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

Pre-Enforcement Revenue Priority of Payments

Prior to (i) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and (ii) the Security Trustee taking any steps to enforce the Issuer Security, Revenue Receipts and any Principal Receipts available to cure a Revenue Deficit will be applied by the Cash Manager (on behalf of the Issuer) on each Interest Payment Date (after payment of the portion of any Insurance Premiums due and payable by the Issuer on such Interest Payment Date to the insurance companies (but not to the Originator)), in the following order of priority (the **Pre-Enforcement Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) in or towards satisfaction, on a *pari passu* and *pro rata* basis according to the respective amounts thereof, of:
 - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts due and payable (plus value added tax, if any) by the Issuer on such Interest Payment Date to the Note Trustee or any of its appointees under the Trust Deed; and
 - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts due and payable (plus value added tax, if any) by the Issuer on such Interest Payment Date to the Security Trustee or any of its appointees under the English Deed of Charge, the Swedish Security Agreement, the Jersey Security Agreement or any other Transaction Document to which it is a party;
- (b) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date, *pari passu* and *pro rata*:
 - (i) to the Servicer pursuant to the Servicing Agreement;
 - (ii) to the Standby Servicer pursuant to the Standby Servicing Agreement other than (so long as the Standby Servicer is Cerdo Bankpartner AB) the Part B Servicing Fee (as defined in the Standby Servicing Agreement);
 - (iii) to the Standby Facilitator pursuant to the Standby Facilitator Agreement;

- (iv) to the Cash Manager pursuant to the Cash Management Agreement;
 - (v) to the Account Bank pursuant to the Bank Account Agreement;
 - (vi) to the Paying Agents and the Agent Bank pursuant to the Agency Agreement; and
 - (vii) in respect of Jersey exempt company fees and annual corporate filing fees;
- (c) in or towards satisfaction, *pari passu* and *pro rata*, according to amounts then due, of any amounts due and payable by the Issuer on such Interest Payment Date to:
- (i) the Corporate Services Provider pursuant to the Corporate Services Agreement; and
 - (ii) any payment of Revenue Priority Amounts to third parties (other than the Secured Parties) incurred by the Issuer in the ordinary course of its business;
- (d) in or towards satisfaction of the amount due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class A Currency Hedge Agreement in relation to interest payable under the Class A Notes and any other amount (other than in respect of principal due on the Class A Notes) payable thereunder (other than any Subordinated Currency Hedge Amounts relating to the Class A Currency Hedge Agreement) on such Interest Payment Date and to use the proceeds of which to pay interest due and overdue (and all interest due on such overdue interest) on the Class A Notes;
- (e) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class A Principal Deficiency Ledger to zero;
- (f) in or towards satisfaction of the amount due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class B Currency Hedge Agreement in relation to interest payable under the Class B Notes and any other amount (other than in respect of principal due on the Class B Notes) payable thereunder (other than any Subordinated Currency Hedge Amounts relating to the Class B Currency Hedge Agreement) on such Interest Payment Date and to use the proceeds of which to pay interest due and overdue (and all interest due on such overdue interest) on the Class B Notes on such Interest Payment Date;
- (g) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class B Principal Deficiency Ledger to zero;
- (h) in or towards satisfaction of, the amount due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class C Currency Hedge Agreement in relation to interest payable under the Class C Notes and any other amount (other than in respect of principal due on the Class C Notes) payable thereunder (other than any Subordinated Currency Hedge Amounts relating to the Class C Currency Hedge Agreement) on such Interest Payment Date and to use the proceeds of which to pay interest due and overdue (and all interest due on such overdue interest) on the Class C Notes on such Interest Payment Date;
- (i) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class C Principal Deficiency Ledger to zero;
- (j) in or towards satisfaction of the amount due and payable by the Issuer to the Currency Hedge Provider on such Interest Payment Date under the Class D Currency Hedge Agreement in relation to interest payable under the Class D Notes and any other amount (other than in respect of principal due on the Class D Notes) payable thereunder (other than any Subordinated Currency Hedge Amounts relating to the Class D Currency Hedge Agreement) on such Interest Payment Date and to use the proceeds of which to pay interest due and overdue (and all interest due on such overdue interest) on the Class D Notes on such Interest Payment Date;
- (k) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class D Principal Deficiency Ledger to zero;
- (l) in or towards satisfaction of the amount due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class E Currency Hedge Agreement in relation to interest payable under the Class E Notes and any other amount (other than in respect of principal due on the Class E Notes) payable thereunder (other than any Subordinated Currency Hedge Amounts relating to the Class E Currency Hedge Agreement) on such Interest Payment Date and to use the proceeds of which to pay interest due and overdue (and all interest due on such overdue interest) on the Class E Notes on such Interest Payment Date;

- (m) prior to the repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, to credit the Credit Enhancement Reserve Ledger in an amount up to the requisite Reserve Required Amount in accordance with the requirements of the Cash Management Agreement (provided that after the repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, any amounts standing to the credit of the Credit Enhancement Reserve Ledger shall be applied to repay the Class E Notes in accordance with paragraph (o)(ii) below and thereafter in accordance with this Pre-Enforcement Revenue Priority of Payments);
- (n) provided that such Interest Payment Date falls after the Step-Up Date, in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date in the following order of priority:
- (i) *firstly*, to the Currency Hedge Provider under the Class A Currency Hedge Agreement in respect of principal due on the Class A Notes on such Interest Payment Date and using the proceeds received under the Class A Currency Hedge Agreement to redeem Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (ii) *secondly*, to the Currency Hedge Provider under the Class B Currency Hedge Agreement in respect of principal due on the Class B Notes on such Interest Payment Date and using the proceeds received under the Class B Currency Hedge Agreement to redeem Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (iii) *thirdly*, to the Currency Hedge Provider under the Class C Currency Hedge Agreement in respect of principal due on the Class C Notes on such Interest Payment Date and using the proceeds received under the Class C Currency Hedge Agreement to redeem Class C Notes until the Principal Amount Outstanding thereof is reduced to zero; and
 - (iv) *fourthly*, to the Currency Hedge Provider under the Class D Currency Hedge Agreement in respect of principal due on the Class D Notes on such Interest Payment Date and using the proceeds received under the Class D Currency Hedge Agreement to redeem Class D Notes until the Principal Amount Outstanding thereof is reduced to zero,
- (o) (i) prior to the repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, in or towards satisfaction of any amounts due and payable by the Issuer to the Currency Hedge Provider on such Interest Payment Date under the Class E Currency Hedge Agreement in respect of principal on the Class E Notes and using the proceeds received under the Class E Currency Hedge Agreement to redeem Class E Notes in an amount up to but not exceeding the Class E Target Remaining Amount for such Interest Payment Date; and
- (ii) after the repayment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and including, for the purposes of this paragraph (o)(ii), any amounts standing to the credit of the Credit Enhancement Reserve Ledger, in or towards satisfaction of any amounts due and payable by the Issuer to the Currency Hedge Provider on such Interest Payment Date under the Class E Currency Hedge Agreement in respect of principal on the Class E Notes and using the proceeds received under the Class E Currency Hedge Agreement to redeem Class E Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (p) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Standby Servicer in respect of the Part B Servicing Fee (as defined in the Standby Servicing Agreement) pursuant to the Standby Servicing Agreement but only so long as the Standby Servicer is Cerdo Bankpartner AB;
- (q) to credit the Transaction Account by an amount up to the Float Amount;
- (r) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Start-up Loan Provider pursuant to the Start-up Loan Agreement;
- (s) in or towards payment of any Subordinated Currency Hedge Amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider;
- (t) in or towards payment to the Originator of the Deferred Consideration payable under the Loan Transfer Agreements less an amount equal to SEK 6,500 per annum which shall belong to the Issuer; and
- (u) any surplus to the Issuer.

Capitalised Interest means the amount of interest that would have been paid on a Transferred Promissory Note if not for the Customer under that Transferred Promissory Note taking a payment holiday in accordance with the Credit and Collection Policy, which amount is added to the principal balance owing under the relevant Transferred Promissory Note.

Deemed Principal Receipts means, in respect of any Calculation Period, the aggregate of the amounts to be applied from Revenue Receipts on the following Interest Payment Date under paragraphs (e), (g), (i) and (k) of the Pre-Enforcement Revenue Priority of Payments.

Deemed Revenue Receipts means, in respect of any Calculation Period, an amount equal to any interest not received under the Transferred Promissory Notes due to a Customer taking a payment holiday.

Income Receipts means, as at each Calculation Date and in respect of the Calculation Period ending on such Calculation Date, an amount equal to the following standing to the credit of the GIC Account at the close of business on such Calculation Date representing:

- (a) payments of interest and other fees (including Insurance Premiums) received under the Transferred Promissory Notes;
- (b) interest earned on the balance from time to time in the GIC Account and the Transaction Account;
- (c) net recoveries of interest and outstanding fees from defaulting Customers under Transferred Promissory Notes being enforced but not written-off;
- (d) net recoveries from defaulting Customers under Transferred Promissory Notes in respect of which enforcement procedures have been completed and the Transferred Promissory Notes written-off;
- (e) the accrued interest component of the purchase price paid by the Originator or SCL3 in respect of any Transferred Promissory Note repurchased by the Originator or SCL3 from the Issuer pursuant to the terms of the Loan Transfer Agreements; and
- (f) payments of Insurance Proceeds from an insurance company to the extent attributable to interest and fees (but not principal) owing by a Customer.

Insurance Premiums means any insurance premium received from time to time from a Customer pursuant to an insurance policy provided by an insurance company in respect of any Transferred Promissory Note.

Issuer Available Funds means, in respect of an Interest Payment Date, the aggregate of Revenue Receipts and Principal Receipts in respect of the immediately preceding Calculation Period (without double counting).

Principal Receipts means, as at each Calculation Date and in respect of the Calculation Period ending on such Calculation Date, an amount equal to the following standing to the credit of the GIC Account at the close of business on such Calculation Date representing:

- (a) the Retained Amount (if any);
 - (b) principal repayments received under the Transferred Promissory Notes (including any amount representing Capitalised Interest);
 - (c) net recoveries of principal from defaulting Customers under the Transferred Promissory Notes being enforced but not written-off;
 - (d) the proceeds of the repurchase of any Transferred Promissory Note by the Originator or SCL3 from the Issuer pursuant to the Loan Transfer Agreements (other than the accrued interest component of the purchase price);
 - (e) payments of Insurance Proceeds from an insurance company to the extent attributable to principal (but not interest and fees) owing from a Customer; and
 - (f) any Deemed Principal Receipts,
- less
- (g) any Deemed Revenue Receipts.

Retained Amount shall be an amount not exceeding SEK 10,000,000 which, if the Sellers so direct the Issuer, shall be funded from available Principal Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments.

Revenue Deficit means, in respect of an Interest Payment Date, a shortfall in the amount of Revenue Receipts in respect of the immediately preceding Calculation Period available to pay paragraphs (a) to

(d), (f), (h) and (j) of the Pre-Enforcement Revenue Priority of Payments. Principal Receipts will not be available to pay interest due and payable on the Class E Notes.

Revenue Receipts means, as at each Calculation Date and in respect of the Calculation Period ending on such Calculation Date, an amount equal to:

- (a) the Income Receipts in respect of such Calculation Period;
- (b) any Deemed Revenue Receipts in respect of such Calculation Period;
- (c) any amounts (if any) withdrawn or to be withdrawn from the Credit Enhancement Reserve on the immediately following Interest Payment Date in order to fund any difference between (i) the aggregate of (a) above, (d) below and any Principal Receipts available to cure a Revenue Deficit and (ii) the aggregate of paragraphs (a) to (l) inclusive of the Pre-Enforcement Revenue Priority of Payments;
- (d) the Float Amount standing to the credit of the Transaction Account;
- (e) any amounts (other than Principal Receipts) scheduled to be received from the Currency Hedge Provider; and
- (f) any other amounts not representing Principal Receipts standing to the credit of the GIC Account (excluding amounts standing to the credit of the Credit Enhancement Reserve Ledger up to the Reserve Required Amount).

Subordinated Currency Hedge Amounts means any termination amount due to the Currency Hedge Provider as a result of:

- (a) the occurrence of an Event of Default (as defined in the relevant Currency Hedge Agreement) in respect of the Currency Hedge Provider where the Currency Hedge Provider is the defaulting party; or
- (b) the failure by the Currency Hedge Provider to comply with the requirements under the Currency Hedge Agreement in relation to loss of the Currency Hedge Provider Requisite Ratings (as defined above in the section entitled “Summary of Transaction Documents – the Currency Hedge Agreements”),

in either case only to the extent that the amount received by the Issuer from the corresponding replacement currency hedge provider as premium paid by such replacement currency hedge provider to enter into a replacement currency hedge agreement is insufficient to discharge such termination amount in full.

Pre-Enforcement Principal Priority of Payments

Prior to (i) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or (ii) the Security Trustee taking any steps to enforce the Issuer Security, the Cash Manager will, on each Interest Payment Date, apply Principal Receipts from the Principal Ledger and any Deemed Principal Receipts in the following order of priority (the **Pre-Enforcement Principal Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) in or towards satisfaction of any Revenue Deficit;
- (b) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class A Currency Hedge Agreement in respect of principal due on the Class A Notes on such Interest Payment Date in an amount up to but not exceeding the Class A Target Remaining Amount for such Interest Payment Date and using the proceeds received under the Class A Currency Hedge Agreement to redeem Class A Notes in an amount up to but not exceeding the Class A Target Remaining Amount for such Interest Payment Date;
- (c) until the Interest Payment Date immediately succeeding the Revolving Period End Date, in or towards payment to the relevant Seller of the Initial Purchase Price for Additional Promissory Notes transferred by a Seller to the Issuer on the Monthly Acquisition Date in the immediately preceding Calculation Period;
- (d) up to the Interest Payment Date immediately succeeding the Revolving Period End Date, to credit the GIC Account by an amount up to the Retained Amount;

- (e) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class A Currency Hedge Agreement in respect of principal due on the Class A Notes on such Interest Payment Date (other than the amount referred to in paragraph (b) above) and using the proceeds received under the Class A Currency Hedge Agreement to redeem Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (f) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class B Currency Hedge Agreement in respect of principal due on the Class B Notes on such Interest Payment Date and using the proceeds received under the Class B Currency Hedge Agreement to redeem Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (g) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class C Currency Hedge Agreement in respect of principal due on the Class C Notes on such Interest Payment Date and using the proceeds received under the Class C Currency Hedge Agreement to redeem Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (h) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class D Currency Hedge Agreement in respect of principal due on the Class D Notes on such Interest Payment Date and using the proceeds received under the Class D Currency Hedge Agreement to redeem Class D Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (i) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Currency Hedge Provider under the Class E Currency Hedge Agreement in respect of principal due on the Class E Notes on such Interest Payment Date and using the proceeds received under the Class E Currency Hedge Agreement to redeem Class E Notes until the Principal Amount Outstanding thereof is reduced to zero; and
- (j) in or towards payment to the Originator of the Deferred Consideration payable under the Loan Transfer Agreements.

Application of Issuer Available Funds

On each Interest Payment Date, the Cash Manager shall apply the Issuer Available Funds in the following order:

- (a) *first*, apply Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- (b) *second*, apply Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

Post-Enforcement/Pre-Acceleration Priority of Payments

From (and including) the time at which the Security Trustee takes any step to enforce the Issuer Security, but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all moneys received or recovered by the Security Trustee, or any receiver appointed by it, for the benefit of the Secured Parties will be held by it on trust and applied in the same order of priority as the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments but:

- (a) as if references in paragraph (a) of the Pre-Enforcement Revenue Priority of Payments to the Note Trustee or the Security Trustee were to the Note Trustee, the Security Trustee and any receiver or other person appointed by the Note Trustee under the Trust Deed or by the Security Trustee (or the receiver) under the English Deed of Charge, the Swedish Security Agreement, the Jersey Security Agreement or any other Transaction Document to which it is a party;
- (b) disregarding paragraph (c)(ii) of the Pre-Enforcement Revenue Priority of Payments; and
- (c) as if paragraph (u) of the Pre-Enforcement Revenue Priority of Payments was amended so that the surplus amounts referred to in that paragraph are retained rather than paid to the Issuer or other persons entitled to it,

(such priorities of payments, together, the **Post-Enforcement/Pre-Acceleration Priority of Payments**).

Post-Acceleration Priority of Payments

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Security Trustee will be required to apply all funds received or recovered by it, or by any receiver appointed by it, (including amounts standing to the credit of the Credit Enhancement Reserve) in accordance with the following order of priority (but only after payment of the portion of any Insurance Premiums due and payable by the Issuer on such Interest Payment Date to the insurance companies (but not to the Originator)) (the **Post-Acceleration Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, the **Priority of Payments**) (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of:
 - (i) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (plus value added tax, if any) by the Issuer to the Note Trustee or any of its appointees under the Trust Deed;
 - (ii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (plus value added tax, if any) by the Issuer to the Security Trustee or any of its appointees under the English Deed of Charge, the Swedish Security Agreement, the Jersey Security Agreement or any other Transaction Document to which it is a party; and
 - (iii) the costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable (plus value added tax, if any) by the Issuer to any receiver appointed by the Security Trustee under the English Deed of Charge;
- (b) in or towards satisfaction of any amounts due and payable by the Issuer *pari passu* and *pro rata*:
 - (i) to the Servicer pursuant to the Servicing Agreement;
 - (ii) to the Standby Servicer pursuant to the Standby Servicing Agreement other than (so long as the Standby Servicer is Cerdo Bankpartner AB) the Part B Servicing Fee (as defined in the Standby Servicing Agreement);
 - (iii) to the Standby Facilitator pursuant to the Standby Facilitator Agreement;
 - (iv) to the Cash Manager pursuant to the Cash Management Agreement;
 - (v) to the Account Bank pursuant to the Bank Account Agreement; and
 - (vi) to the Paying Agents and the Agent Bank pursuant to the Agency Agreement;
- (c) in or towards satisfaction, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Corporate Services Provider pursuant to the Corporate Services Agreement;
- (d) in or towards satisfaction, *pro rata* and *pari passu*, of any amounts due or overdue to the Currency Hedge Provider under the Class A Currency Hedge Agreement (other than any Subordinated Currency Hedge Amounts) and of any principal and interest due or overdue (and all interest due on such overdue interest) on the Class A Notes;
- (e) in or towards satisfaction, *pro rata* and *pari passu*, of any amount due or overdue to the Currency Hedge Provider under the Class B Currency Hedge Agreement (other than any Subordinated Currency Hedge Amounts) and of any principal and interest due or overdue (and all interest due on such overdue interest) on the Class B Notes;
- (f) in or towards satisfaction, *pro rata* and *pari passu*, of any amounts due or overdue to the Currency Hedge Provider under the Class C Currency Hedge Agreement (other than any Subordinated Currency Hedge Amounts) and of any principal and interest due or overdue (and all interest due on such overdue interest) on the Class C Notes;
- (g) in or towards satisfaction, *pro rata* and *pari passu*, of any amounts due or overdue to the Currency Hedge Provider under the Class D Currency Hedge Agreement (other than any Subordinated Currency Hedge Amounts) and of any principal and interest due or overdue (and all interest due on such overdue interest) on the Class D Notes;
- (h) in or towards satisfaction, *pro rata* and *pari passu*, of any amounts due or overdue to the Currency Hedge Provider under the Class E Currency Hedge Agreement (other than any Subordinated Currency Hedge Amounts) and of any principal and interest due or overdue (and all interest due on such overdue interest) on the Class E Notes;

- (i) in or towards satisfaction of any amounts due and payable by the Issuer to the Standby Servicer in respect of the Part B Servicing Fee (as defined in the Standby Servicing Agreement) pursuant to the Standby Servicing Agreement but only so long as the Standby Servicer is Cerdo Bankpartner AB;
- (j) in or towards satisfaction, *pari passu* and *pro rata*, according to the amounts then due to the Other Secured Creditors in respect of the Secured Obligations;
- (k) in or towards satisfaction of any amounts due and payable by the Issuer to the Start-up Loan Provider pursuant to the Start-up Loan Agreement;
- (l) in or towards payment of any Subordinated Currency Hedge Amounts due and payable by the Issuer to the Currency Hedge Provider;
- (m) in or towards satisfaction of all amounts of Deferred Consideration payable to the Originator under the Loan Transfer Agreements; and
- (n) any surplus to the Issuer.

Other Secured Creditors means all the Secured Parties other than the Noteholder.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed. The terms and conditions set out below will apply to the Notes in global form.

The €117,750,000 Class A Floating Rate Notes due 2025 (the **Class A Notes**), the €13,450,000 Class B Floating Rate Notes due 2025 (the **Class B Notes**), the €5,850,000 Class C Floating Rate Notes due 2025 (the **Class C Notes**), the €31,100,000 Class D Floating Rate Notes due 2025 (the **Class D Notes**) and the €7,550,000 Class E Floating Rate Notes due 2025 (the **Class E Notes** and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the **Notes**) in each case of Scandinavian Consumer Loans Limited (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated 6 July 2006 (the **Closing Date**) and made between the Issuer and Citicorp Trustee Company Limited (in such capacity, the **Note Trustee**) as trustee for the Noteholders (as defined below). Any reference in these terms and conditions (the **Conditions**) to a **Class of Notes** or to a **Class of Noteholders** shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, or to the respective holders thereof.

The expressions **Class A Notes**, **Class B Notes**, **Class C Notes**, **Class D Notes** and **Class E Notes** shall, in these Conditions, unless the context otherwise requires, include any Further Notes (as defined below) issued pursuant to **Condition 16.1 (Further Notes)** and forming a single series with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be.

The security for the Notes is constituted by a deed of charge and assignment (the **English Deed of Charge**), a Jersey security agreement (the **Jersey Security Agreement**) and a Swedish security agreement (the **Swedish Security Agreement** and, together with the English Deed of Charge and the Jersey Security Agreement, the **Security Agreements**), each dated the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited (in such capacity, the **Security Trustee**).

Pursuant to a paying agent and agent bank agreement (the **Agency Agreement**) dated the Closing Date and made between the Issuer, Citibank International plc of 1 North Wall Quay, Dublin 1, Ireland as Irish paying agent (the **Irish Paying Agent**), Citibank, N.A. of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as principal paying agent (the **Principal Paying Agent** and, together with the Irish Paying Agent and such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the **Paying Agents**), Citibank, N.A. as agent bank (the **Agent Bank**) and the Note Trustee, provision is made for the payment of principal and interest in respect of the Notes of each Class.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Security Agreements and the Agency Agreement.

Copies of the Trust Deed, the Security Agreements, the Agency Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Trust Deed, the Security Agreements or the Agency Agreement available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Trust Deed.

1. FORM, DENOMINATION AND TITLE

1.1 Each Class of the Notes (which will be tradable in minimum nominal amounts of €50,000 (the **Minimum Denomination**) and integral multiples of €1,000 in excess thereof) is initially represented by a temporary global note (each, a **Temporary Global Note**) in bearer form in the aggregate principal amount on issue of €117,750,000 for the Class A Notes, €13,450,000 for the Class B Notes, €5,850,000 for the Class C Notes, €31,100,000 for the Class D Notes and €7,550,000 for the Class E Notes. Each Temporary Global Note has been deposited on behalf of the subscribers of the relevant Class of Notes with a common depositary (the **Common Depositary**) for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) on the Closing Date. Upon deposit of the Temporary Global Notes, Clearstream, Luxembourg and Euroclear credited each subscriber of Notes with the principal amount of Notes of the relevant Class equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in each Temporary Global Note are exchangeable

on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (each, a **Permanent Global Note**) representing the same Class of Notes (the expressions **Global Notes** and **Global Note** meaning, respectively, (i) all the Temporary Global Notes and the Permanent Global Notes or the Temporary Global Note and the Permanent Global Note of a particular Class, or (ii) any of the Temporary Global Notes or Permanent Global Notes, as the context may require). The Permanent Global Notes have also been deposited with the Common Depository for Clearstream, Luxembourg and Euroclear. Title to the Global Notes will pass by delivery.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as the case may be.

- 1.2** If, while any of the Notes are represented by a Permanent Global Note, either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence, then the Issuer will issue Notes of the relevant Class in definitive form (**Definitive Notes**) in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Transaction Documents will be amended in such manner as the Note Trustee requires to take account of the issue of Definitive Notes.
- 1.3** Definitive Notes (which, if issued, will be in the minimum denomination of €50,000 each and integral multiples of €1,000 in excess thereof) will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.
- 1.4** **Noteholders** means each person (other than Clearstream, Luxembourg or Euroclear themselves) who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in **Condition 6.8 (Principal Amount Outstanding)**) of the Notes of any Class (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Note Trustee, the Security Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Note Trustee, the Security Trustee and all other persons, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose **Noteholders** means the bearer of the relevant Global Note; and related expressions shall be construed accordingly.
- 1.5** (a) **Class A Noteholders** means Noteholders in respect of the Class A Notes;
(b) **Class B Noteholders** means Noteholders in respect of the Class B Notes;
(c) **Class C Noteholders** means Noteholders in respect of the Class C Notes;
(d) **Class D Noteholders** means Noteholders in respect of the Class D Notes; and
(e) **Class E Noteholders** means Noteholders in respect of the Class E Notes.

2. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

2.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.
- (b) The Class B Notes constitute direct, secured and, subject as provided in **Condition 15 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Class C Notes constitute direct, secured and, subject as provided in **Condition 15 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.

- (d) The Class D Notes constitute direct, secured and, subject as provided in **Condition 15 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes and the Class C Notes as provided in these Conditions and the Transaction Documents.
- (e) The Class E Notes constitute direct, secured and, subject as provided in **Condition 15 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.
- (f) In the event of an issue of Further Notes (as defined in **Condition 16.1 (Further Notes)**), Replacement Notes (as defined in **Condition 16.2 (Replacement Notes)**) or New Notes (as defined in **Condition 16.3 (New Notes)**), the provisions of these Conditions, the Trust Deed, the Security Agreements and the other Transaction Documents, including (in the case of Replacement Notes or New Notes) those concerning:
 - (i) the basis on which the Note Trustee and the Security Trustee will be required to exercise its respective rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Note Trustee, there is a conflict between the interests of any Class of the Noteholders and the holders of such Further Notes, Replacement Notes or New Notes);
 - (ii) the circumstances in which the Note Trustee and the Security Trustee will become bound to take action, as referred to in **Condition 9 (Note Events of Default)**;
 - (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
 - (iv) the order of priority of payments both prior to, and upon, enforcement of the Issuer Security constituted by the Security Agreements and/or acceleration of the Notes,

will be modified in such manner as the Note Trustee or, as the case may be, the Security Trustee considers necessary to reflect the issue of such Further Notes, Replacement Notes or, as the case may be, New Notes and any new Transaction Documents entered into in connection with such Further Notes, Replacement Notes or, as the case may be, New Notes and the ranking thereof and of the claims of any party to any of such new Transaction Documents in relation to each Class of the Notes.

If any New Notes are issued, the Issuer will immediately advise the Irish Financial Services Regulatory Authority and the Irish Stock Exchange accordingly, procure the publication of a notice of the issue in accordance with **Condition 14 (Notice to Noteholders)**, file a new offering circular in respect of the issue of the New Notes with the Irish Financial Services Regulatory Authority and the Irish Stock Exchange and make such offering circular and any related agreements available in Dublin at the specified office of the Irish Paying Agent.

2.2 Security

- (a) The security constituted by the Security Agreements is granted to the Security Trustee, on trust for itself, the Note Trustee, the Noteholders and certain other secured creditors of the Issuer, upon and subject to the terms and conditions of each Security Agreement.
- (b) The Noteholders will share in the benefit of the security constituted by the Security Agreements, upon and subject to the terms and conditions of each Security Agreement.

3. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or (ii) have any subsidiaries, any subsidiary undertaking or any employees or premises;

- (c) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (e) **Indebtedness:** incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;
- (f) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (g) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party; or
- (h) **Bank accounts:** have an interest in any bank account other than the GIC Account and the Transaction Account, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it.

4. INTEREST

4.1 Interest Accrual

The Notes will bear interest on their respective Principal Amounts Outstanding from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding of any Note from the due date for redemption unless, upon due presentation in accordance with **Condition 5 (Payments)**, payment of the principal in respect of the Note (or, in the case of the redemption of part only of a Note, that part only of such Note) is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.2 Interest Payment Dates and Interest Periods

Interest on the Notes is payable monthly in arrear on 15th day of each month in each year (each an **Interest Payment Date**) in respect of the Interest Period (as defined below) ended immediately prior thereto. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The first payment is due on the Interest Payment Date falling in August 2006. The period from (and including) the Closing Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an **Interest Period**.

4.3 Rate of Interest

The rate of interest payable from time to time in respect of each Class of Notes (each a **Rate of Interest**) will be determined on the basis of the following provisions:

- (a) On each Interest Determination Date (as defined below), the Agent Bank will determine the EURIBOR Screen Rate (as defined below) at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the EURIBOR Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone (as defined below) office of each of the Reference Banks (as defined below) to provide the Agent Bank with the rate at which deposits in Euro are offered by it to prime banks in the Euro-zone interbank market for one month at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount (as defined below).

- (b) The Rate of Interest for the Interest Period in respect of each Class of the Notes shall be the EURIBOR Screen Rate plus the Margin (as defined below) applicable to the relevant Class of Notes or, if the EURIBOR Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the applicable Margin.
- (c) If fewer than two rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in Euro to leading European banks for a period of one month commencing on the first day of such Interest Period and for a Representative Amount, plus the applicable Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date.
- (d) In these Conditions (except where otherwise defined), the expression:
- (i) **Business Day** means a day (other than a Saturday or Sunday) which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Stockholm and Dublin and a TARGET Settlement Day;
 - (ii) **Euro-zone** means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended;
 - (iii) **Interest Determination Date** means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply;
 - (iv) **Margin** means:
 - (A) in relation to the Class A Notes, 0.14 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Step-Up Date and thereafter 0.28 per cent. per annum;
 - (B) in relation to the Class B Notes, 0.33 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Step-Up Date and thereafter 0.66 per cent. per annum;
 - (C) in relation to the Class C Notes, 0.58 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Step-Up Date and thereafter 1.16 per cent. per annum;
 - (D) in relation to the Class D Notes, 0.88 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Step-Up Date and thereafter 1.76 per cent. per annum; and
 - (E) in relation to the Class E Notes, 3.00 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Step-Up Date and thereafter 4.00 per cent. per annum;
 - (v) **Reference Banks** means the principal Euro-zone office of each of four major banks engaged in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
 - (vi) **Representative Amount** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;
 - (vii) **EURIBOR Screen Rate** means the rate for one month deposits in Euro which appears on the Telerate Screen No. 248 (or such replacement page on that service which displays the information); and
 - (viii) **TARGET Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

4.4 Determination of Rate of Interest and Interest Amounts

The Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the respective Euro amounts (the **Interest Amounts**) payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period. The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure downwards to the nearest cent.

4.5 Publication of Rate of Interest and Interest Amounts

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Note Trustee and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with **Condition 14 (Notice to Noteholders)** as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

4.6 Determination by the Note Trustee

The Note Trustee shall, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and/or Interest Amounts in accordance with the above provisions, determine the Rates of Interest and/or Interest Amounts, as the case may be, the former at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in **Condition 4.4 (Determination of Rate of Interest and Interest Amounts)** and the determinations shall be deemed to be determinations by the Agent Bank.

4.7 Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this **Condition 4**, whether by the Reference Banks (or any of them), the Agent Bank or the Note Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them) or, the Agent Bank and, in any event, no liability shall attach to the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this **Condition 4**.

4.8 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Note Trustee, appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments in respect of principal and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with **Condition 14**

(**Notice to Noteholders**) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. A record of each payment of principal or interest made in respect of a Global Note will be made on the relevant Global Note by or on behalf of the Principal Paying Agent or such other Paying Agent as aforesaid and such record shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of Clearstream, Luxembourg or of Euroclear as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

5.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

5.3 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

5.4 Payment only on a Presentation Date

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in **Condition 4 (Interest)**, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to **Condition 8 (Prescription)**):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the relevant Paying Agent at which the Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET Settlement Day.

5.5 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the beginning of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city, which so long as the Notes are admitted to trading on the Irish Stock Exchange shall be Dublin; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with **Condition 14 (Notice to Noteholders)**.

6. REDEMPTION

6.1 Redemption at maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amounts Outstanding on the Interest Payment Date falling in June 2025 (the **Final Maturity Date**).

6.2 Target Redemption of the Class A Notes from Principal Receipts

- (a) Prior to the service of an Acceleration Notice and unless previously redeemed in full or purchased and cancelled as provided below, the Class A Notes are subject to early redemption in part on the Interest Payment Dates set out below from Principal Receipts, subject to the payment of higher ranking amounts in accordance with the Pre-Enforcement Principal Priority of Payments (as set out in the Cash Management Agreement) or, as applicable, the Post-Enforcement/Pre-Acceleration Priority of Payments (as set out in the English Deed of Charge) in an amount such that the Principal Amount Outstanding in respect of the Class A Notes after such redemption is not greater than the Class A Target Remaining Amount (as set out below) for the Interest Payment Date to which the Class A Target Remaining Amount relates.

<u>Interest Payment Date falling in</u>	<u>Class A Target Remaining Amount (Euro)</u>
August 2006	116,300,000
September 2006	114,900,000
October 2006	113,500,000
November 2006	112,100,000
December 2006	110,700,000
January 2007	109,400,000
February 2007	108,100,000
March 2007	106,800,000
April 2007	105,500,000
May 2007	104,200,000
June 2007	102,900,000
July 2007	101,600,000
August 2007	100,300,000
September 2007	99,000,000
October 2007	97,800,000
November 2007	96,600,000
December 2007	95,400,000
January 2008	94,200,000
February 2008	93,000,000
March 2008	91,800,000
April 2008	90,600,000
May 2008	89,400,000
June 2008	88,200,000
July 2008	87,000,000
August 2008	85,900,000
September 2008	84,800,000
October 2008	83,700,000
November 2008	82,600,000
December 2008	81,500,000
January 2009	80,400,000
February 2009	79,300,000
March 2009	78,200,000
April 2009	77,100,000
May 2009	76,000,000
June 2009	74,900,000
July 2009	73,900,000
August 2009	72,900,000
September 2009	71,900,000
October 2009	70,900,000
November 2009	69,900,000
December 2009	68,900,000
January 2010	67,900,000

<u>Interest Payment Date falling in</u>	<u>Class A Target Remaining Amount (Euro)</u>
February 2010	66,900,000
March 2010	65,900,000
April 2010	64,900,000
May 2010	63,900,000
June 2010	62,900,000
July 2010	62,000,000
August 2010	61,100,000
September 2010	60,200,000
October 2010	59,300,000
November 2010	58,400,000
December 2010	57,500,000
January 2011	56,600,000
February 2011	55,700,000
March 2011	54,800,000
April 2011	53,900,000
May 2011	53,000,000
June 2011	52,100,000

- (b) If on any Interest Payment Date prior to the service of an Acceleration Notice and unless previously redeemed in full or purchased and cancelled as provided below, there are excess Principal Receipts available after: (i) curing any Revenue Deficit, (ii) reducing the Principal Amount Outstanding of the Class A Notes to an amount equal to the relevant Class A Target Remaining Amount for such Interest Payment Date, (iii) up to the Interest Payment Date immediately succeeding the Revolving Period End Date and if the Sellers so direct the Issuer, crediting the GIC Account with an amount up to SEK 10,000,000 (the **Retained Amount**), and (iv) payment of the Initial Purchase Price in respect of any Promissory Notes assigned and transferred to the Issuer on the Monthly Acquisition Date in the immediately preceding Calculation Period to the relevant Seller (as such terms are defined in the Security Agreements) (the **Excess Principal Receipts**), then such Excess Principal Receipts shall be applied in or towards redeeming the Notes in the following order of priority, subject to the Pre-Enforcement Principal Priority of Payments or, as applicable the Post-Enforcement/Pre-Acceleration Principal Priority of Payments:
- (i) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (ii) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (iii) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (iv) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero; and
 - (v) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero.

6.3 Target Redemption of the Class E Notes from Revenue Receipts only

- (a) Prior to the service of an Acceleration Notice and (where the Interest Payment Date falls on or before the Step-Up Date) prior to the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, or (where the Interest Payment Date falls after the Step-Up Date) after the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, and unless previously redeemed in full or purchased and cancelled as provided below, the Class E Notes are subject to early redemption in part on the Interest Payment Dates set out below from Revenue Receipts, subject to the payment of higher ranking amounts in accordance with the Pre-Enforcement Revenue Priority of Payments (as set out in the Cash Management Agreement) or, as applicable, the Post-Enforcement/Pre-Acceleration Priority of Payments (as set out in the English Deed of Charge) in an amount such that the Principal Amount Outstanding in respect of the Class E Notes after such redemption is not greater than the Class E Target Remaining Amount (as set out below) for the Interest Payment Date to which the Class E Target Remaining Amount relates.

Interest Payment Date falling in	Class E Target Remaining Amount (Euro)
August 2006	7,500,000
September 2006	7,450,000
October 2006	7,400,000
November 2006	7,350,000
December 2006	7,300,000
January 2007	7,250,000
February 2007	7,200,000
March 2007	7,150,000
April 2007	7,100,000
May 2007	7,050,000
June 2007	7,000,000
July 2007	6,950,000
August 2007	6,900,000
September 2007	6,850,000
October 2007	6,800,000
November 2007	6,750,000
December 2007	6,700,000
January 2008	6,650,000
February 2008	6,600,000
March 2008	6,550,000
April 2008	6,500,000
May 2008	6,450,000
June 2008	6,400,000
July 2008	6,350,000
August 2008	6,300,000
September 2008	6,250,000
October 2008	6,200,000
November 2008	6,150,000
December 2008	6,100,000
January 2009	6,050,000
February 2009	6,000,000
March 2009	5,950,000
April 2009	5,900,000
May 2009	5,850,000
June 2009	5,800,000
July 2009	5,750,000
August 2009	5,700,000
September 2009	5,650,000
October 2009	5,600,000
November 2009	5,550,000
December 2009	5,500,000
January 2010	5,450,000
February 2010	5,400,000
March 2010	5,350,000
April 2010	5,300,000
May 2010	5,250,000
June 2010	5,200,000
July 2010	5,150,000
August 2010	5,100,000
September 2010	5,050,000
October 2010	5,000,000
November 2010	4,950,000
December 2010	4,900,000

<u>Interest Payment Date falling in</u>	<u>Class E Target Remaining Amount (Euro)</u>
January 2011	4,850,000
February 2011	4,800,000
March 2011	4,750,000
April 2011	4,700,000
May 2011	4,650,000
June 2011	4,600,000

- (b) Prior to the service of an Acceleration Notice but after the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, and unless previously redeemed in full or purchased and cancelled as provided below, the Class E Notes are subject to mandatory early redemption in part on each Interest Payment Date from Revenue Receipts, subject to the payment of higher ranking amounts in accordance with the Pre-Enforcement Revenue Priority of Payments (as set out in the Cash Management Agreement) or, as applicable, the Post-Enforcement/Pre-Acceleration Priority of Payments (as set out in the English Deed of Charge) until the Principal Amount Outstanding of the Class E Notes is reduced to zero. After the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, amounts standing to the credit of the Credit Enhancement Reserve Ledger shall be applied to repay the Class E Notes in accordance with this **Condition 6.3(b)**.

6.4 Target Remaining Amounts

- (a) The Class A Target Remaining Amount and the Class E Target Remaining Amount are together referred to as the **Target Remaining Amount**.
- (b) Without prejudice to **Condition 6.1** above, failure to reduce the Principal Amount Outstanding of the Class A Notes and/or the Class E Notes to an amount equal to the relevant Target Remaining Amount on any Interest Payment Date shall not constitute a Note Event of Default.

6.5 Redemption following service of an Acceleration Notice

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all moneys received by the Security Trustee will be applied in accordance with the Post-Acceleration Priority of Payments as set out in the English Deed of Charge.

6.6 Optional redemption

On any Interest Payment Date on or after:

- (a) the Step-Up Date; or
- (b) the date on which the aggregate Principal Amount Outstanding of the Notes (after taking account of any payment of principal on the Notes which, but for this sub-paragraph, would fall to have been made on such Interest Payment Date) would be less than 10 per cent. of the aggregate initial Principal Amount Outstanding of the Notes on the Closing Date,

the Issuer may, having given not more than 60 nor less than 30 days' notice to the Note Trustee, the Rating Agencies, the Currency Hedge Provider and the Noteholders in accordance with **Condition 14 (Notice to Noteholders)**, redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued interest (including, in the case of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, any deferred interest and accrued interest thereon), provided that prior to the giving of any such notice, the Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid and to discharge all other amounts required to be paid by it *pari passu* with, or in priority to, the Notes on the relevant Interest Payment Date, and the Note Trustee shall accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

After giving notice of redemption pursuant to this **Condition 6.6**, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this **Condition 6.6**.

6.7 Optional redemption for taxation or other reasons

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Class of the Notes (other than because the relevant holder has some connection with Jersey other than the holding of Notes of such Class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Jersey or any political sub-division thereof or any authority thereof or therein; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Currency Hedge Provider would be required to deduct or withhold from any payment under any Currency Hedge Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; or
- (c) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer would suffer any withholding or deduction from any payment in respect of a Transferred Promissory Note for, or on account, of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction or any political sub-division thereof or any authority thereof or therein,

then the Issuer shall, if the same would avoid the effect of the relevant event described in **sub-paragraph (a), (b) or (c)** above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes, provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in **sub-paragraph (a), (b) or (c)** above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 14 (Notice to Noteholders)** and to the Note Trustee and having certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, redeem all, but not some only, of the Notes at their respective Principal Amounts Outstanding together with accrued but unpaid interest up to but excluding the date of redemption and the Note Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.8 Principal Amount Outstanding

The **Principal Amount Outstanding** of a Note on any date shall be its original principal amount less the aggregate amount of principal repayments paid in respect of such Note since the Closing Date except if and to the extent that any such repayment has been improperly withheld or refused.

6.9 Notice of redemption

Any such notice as is referred to in **Condition 6.6 (Optional redemption)** and **Condition 6.7 (Optional redemption for taxation or other reasons)** above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

6.10 No purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

6.11 Cancellation

All Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

7. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

8. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the **Relevant Date** in respect of the relevant payment.

In this **Condition 8**, the “Relevant Date” , in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the moneys payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such moneys having been received, notice to that effect is duly given to the relevant Noteholders in accordance with **Condition 14 (Notice to Noteholders)**.

9. NOTE EVENTS OF DEFAULT

9.1 The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes outstanding or, if so directed by or pursuant to an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding shall (subject, in each case, to the Note Trustee being indemnified to its satisfaction), (but in the case of the occurrence of any of the events described in sub-paragraphs (b) to (f) inclusive, the Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding) give notice (an **Acceleration Notice**) to the Issuer and the Security Trustee declaring that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, at any time after the happening and during the subsistence of any of the following events (each, a **Note Event of Default**):

- (a) default being made for a period of three Business Days in the payment of any principal of, or default is made for a period of five Business Days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions (provided that neither a deferral of interest in accordance with **Condition 15 (Subordination by Deferral)** nor a failure to reduce the Principal Amount Outstanding of the Class A Notes and/or the Class E Notes to an amount equal to the relevant Target Remaining Amount in respect of the relevant Class of Notes on any Interest Payment Date in accordance with **Condition 6.2 (Target Redemption of the Class A Notes from Principal Receipts)** or **Condition 6.3 (Target Redemption of the Class E Notes from Revenue Receipts only)** shall constitute a default in the payment of such interest or principal for the purposes of this **Condition 9.1(a)**); or
- (b) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Note Trustee or the Security Trustee, as the case may be, certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Note Trustee or the Security Trustee, as the case may be, on the Issuer of notice in writing requiring the same to be remedied; or

- (c) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in **sub-paragraph (d)** below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof) or the Issuer being (or being deemed to be) unable to pay its debts as and when they fall due; or
- (d) an order being made or an effective resolution being passed for the winding-up or dissolution of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or
- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 14 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

Most Senior Class means, in respect of the Notes, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes, or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes, or, if there are no Class A Notes or Class B Notes or Class C Notes then outstanding, the Class D Notes, or, if there are no Class A Notes or Class B Notes or Class C Notes or Class D Notes then outstanding, the Class E Notes.

9.2 Upon the service of an Acceleration Notice by the Note Trustee in accordance with **Condition 9.1 (Note Events of Default)** above, all Classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest, in accordance with the Post-Acceleration Priority of Payments as set out in the English Deed of Charge. The Security constituted by each of the Security Agreements will become enforceable upon the occurrence of a Note Event of Default.

10. ENFORCEMENT

The Note Trustee may, at any time, at its discretion and without notice: (i) take such proceedings or direct the Security Trustee to take such proceedings against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes or the Trust Deed (including these Conditions) or the Security Agreements or any of the other Transaction Documents to which it is a party and, at any time after the occurrence of a Note Event of Default, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps as it may think fit to enforce the security constituted by the Security Agreements, but neither of them shall be bound to take any such proceedings or steps unless:

- (a) (subject in all cases to restrictions contained in the Trust Deed or, as the case may be, the Security Agreements to protect the interests of any higher ranking Class or Classes of Noteholders) the Note Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and

- (b) in all cases, the Note Trustee and/or the Security Trustee, as applicable, shall have been indemnified to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents unless the Note Trustee or the Security Trustee (as the case may be), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing and, in any event, no Noteholder shall petition or procure the petitioning for the winding-up or administration of the Issuer or file documents with the court or serve a notice of intention to appoint an administrator in relation to the Issuer.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

- 11.1** The Trust Deed contains provisions for convening meetings of the Noteholders of each Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents or any other documents affecting the rights and benefits of the Issuer which are comprised in the Issuer Security.
- 11.2** An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or, as the case may be, the Security Agreements will not take effect unless Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders or it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, as applicable.
- 11.3** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in **Condition 11.2** above) passed at any meeting of the Class B Noteholders shall not be effective for any purpose unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders or it is sanctioned by an Extraordinary Resolution of the Class A Noteholders, but subject also to **Condition 11.4** below.
- 11.4** An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on the Class C Noteholders, the Class D Noteholders and the Class E Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or, as the case may be, the Security Agreements will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class C Noteholders, the Class D Noteholders and the Class E Noteholders or it shall have been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, as applicable.
- 11.5** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in **Condition 11.2** or **11.4** above) passed at any meeting of the Class C Noteholders shall not be effective for any purpose unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders, as applicable, but subject also to **Condition 11.6** below.
- 11.6** An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on the Class D Noteholders and the Class E Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or, as the case may be, the Security Agreements will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class D Noteholders and the Class E Noteholders or it shall have been sanctioned by an Extraordinary Resolution of each of the Class D Noteholders and the Class E Noteholders, as applicable.

- 11.7** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in **Condition 11.2** or **11.4** or **11.6** above) passed at any meeting of the Class D Noteholders shall not be effective for any purpose unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, as applicable, but subject also to **Condition 11.8** below.
- 11.8** An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on the Class E Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or, as the case may be, the Security Agreements will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class E Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class E Noteholders.
- 11.9** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in **Condition 11.2** or **11.4** or **11.6** or **11.8** above) passed at any meeting of the Class E Noteholders shall not be effective for any purpose unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, as applicable.
- 11.10** Subject as provided below, the quorum at any meeting of Noteholders of any Class for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes, or, at any adjourned meeting, one or more persons being or representing a Noteholder of the relevant Class, whatever the aggregate Principal Amount Outstanding of the Notes of such Class held or represented by it or them.
- 11.11** The quorum at any meeting of Noteholders of any Class for passing an Extraordinary Resolution to sanction a modification of the date of maturity of any Notes or which would have the effect, *inter alia*, of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, altering the currency of payment of such Notes, altering the quorum or majority required to pass an Extraordinary Resolution or any alteration of this definition (each, a **Basic Terms Modification**) shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class.
- 11.12** The Note Trustee may agree and/or may direct the Security Trustee to agree, without the consent of the Noteholders:
- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders; or
 - (b) to any modification which, in the opinion of the Note Trustee is to correct a manifest or proven (in the opinion of the Note Trustee) error or is of a formal, minor or technical nature.
- 11.13** The Note Trustee may also, without the consent of the Noteholders, determine that a Note Event of Default shall not, or shall not subject to specified conditions, be treated as such.
- 11.14** Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with **Condition 14 (Notice to Noteholders)**.
- 11.15** In connection with any such substitution of principal debtor referred to in **Condition 6.7 (Optional redemption for taxation or other reasons)**, the Note Trustee may also agree, without the consent of the Noteholders, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

11.16 The Note Trustee shall be entitled to assume without enquiry, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, that such exercise or performance will not be materially prejudicial to the interests of the Noteholders of any Class if the Rating Agencies have confirmed that such exercise or performance would not cause the downgrade, qualification or withdrawal of the then current ratings of such Class of Notes and, if the original rating of such Class of Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such Class of Notes.

11.17 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Note Trustee is required to have regard to the interests of the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a Class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Security Agreements contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee, respectively, and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or enforcing the Issuer Security constituted by the Security Agreements unless indemnified to their satisfaction.

The Trust Deed and the Security Agreements also contain provisions pursuant to which the Note Trustee and the Security Trustee, respectively, are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13. REPLACEMENT OF GLOBAL NOTES

If any Global Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent or the Irish Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Global Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Global Note must be surrendered before a new one will be issued.

14. NOTICE TO NOTEHOLDERS

Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to Clearstream, Luxembourg and Euroclear and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted to trading on the Irish Stock Exchange and the rules of that exchange so require) shall also be published in a daily newspaper published in Dublin (which is expected to be *The Irish Times*).

For so long as the Notes are admitted to trading on the Irish Stock Exchange, the Issuer shall give a copy of each notice in accordance with this **Condition 14** to the Irish Stock Exchange.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

15. SUBORDINATION BY DEFERRAL

15.1 Interest

In the event that, on any Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the applicable Priority of Payments, to apply on such Interest Payment Date, in respect of interest due (including interest on unpaid interest) on the Notes (other than the Most Senior Class of Notes outstanding) (together, the **Subordinated Notes** and each, a **Subordinated Note**), after, in each case, deducting amounts ranking in priority thereto under the applicable Priority of Payments (the **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including interest on unpaid interest) due, but for the provisions of this **Condition 15.1**, on the Subordinated Notes, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest (including interest on unpaid interest) on each Subordinated Note, only a *pro rata* share of the Interest Residual Amount attributable to the relevant Class of Subordinated Notes on such Interest Payment Date.

In any such event, the Cash Manager (acting on behalf of the Issuer) shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including interest on unpaid interest) paid on the relevant Class of Subordinated Notes, on the relevant Interest Payment Date in accordance with this **Condition 15.1** falls short of the aggregate amount of interest (including interest on unpaid interest) payable (but for the provisions of this **Condition 15.1**) on such Class of Subordinated Notes, on that date pursuant to **Condition 4 (Interest)**. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the relevant Class of Subordinated Notes, and shall be payable together with such accrued interest on the following Interest Payment Dates, subject to the provisions of the preceding paragraph.

15.2 General

Any amounts of interest in respect of any Class of Subordinated Notes otherwise payable under these Conditions which are not paid by virtue of this **Condition 15**, together with accrued interest thereon, shall in any event become payable on the Interest Payment Date falling in June 2025 or on such earlier date as the relevant Class of Subordinated Notes becomes immediately due and repayable under **Condition 9 (Note Events of Default)** or is otherwise redeemed in full.

15.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on any Class of Subordinated Notes will be deferred or that a payment previously deferred will be made in accordance with this **Condition 15**, the Issuer will give notice thereof to the relevant Class of Noteholders of the Subordinated Notes, in accordance with **Condition 14 (Notice to Noteholders)**.

16. FURTHER NOTES, REPLACEMENT NOTES AND NEW NOTES

16.1 Further Notes

The Issuer may, without the consent of the Noteholders, raise further funds, from time to time, on any date by the creation and issue of further notes (**Further Notes**) carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any Class of the Notes provided that:

- (a) the aggregate principal amount of all Further Notes to be issued on such date is not less than €5,000,000;
- (b) any Further Notes are assigned the same ratings by the Rating Agencies as are then applicable to the Class of Notes with which they are to be consolidated and form a single series;

- (c) the ratings of each Class of Notes at that time outstanding are not adversely affected as a result of such issue of Further Notes and none of such ratings is lower than it was upon the date of issue of any of the Notes; and
- (d) application will be made, in respect of the Further Notes, for such notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange or, if the Notes then issued are no longer admitted to and listed on that exchange, such exchange, if any, on which the Notes then issued are then admitted to and listed on.

16.2 Replacement Notes

The Issuer may, without the consent of the Noteholders, issue one or more Classes of replacement notes (**Replacement Notes**) to replace one or more Classes of the Notes, each Class of which shall have the same terms and conditions in all respects as the Class of Notes which it replaces (except for the rate of interest applicable to such Replacement Notes which, if not the same, must be lower than the rate of interest applicable to the Class of Notes being replaced) and security ranking as the Class of Notes which it replaces, and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the Class of Notes which it replaces, provided that the Class or Classes of Notes to be replaced are redeemed in full in accordance with **Condition 6.6 (Optional Redemption)** (but excluding the requirement set out in **Condition 6.6 (Optional Redemption)** that the Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate initial Principal Amount Outstanding of the Notes on the Closing Date) and the conditions to the issue of Further Notes as set out in **Condition 16.1(a), (c) and (d)** are satisfied, *mutatis mutandis*, in respect of such issue of Replacement Notes.

16.3 New Notes

The Issuer may, without the consent of the Noteholders, raise further funds, from time to time and on any date, by the creation and issue of new notes (**New Notes**) which may rank *pari passu* with the Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes or after the Class A Notes but ahead of the Class B Notes or after the Class B Notes but ahead of the Class C Notes or after the Class C Notes but ahead of the Class D Notes or after the Class D Notes but ahead of the Class E Notes or after the Class E Notes and which do not form a single series with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes provided that the conditions to the issue of Further Notes as set out in **Condition 16.1(a), (c) and (d)** are satisfied, *mutatis mutandis*, in respect of such issue of New Notes.

16.4 Supplemental trust deeds and security

Any such Further Notes, Replacement Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of the security constituted by the Security Agreements. Any of the Transaction Documents may be amended, and further Transaction Documents may be entered into, in connection with the issue of such Further Notes, Replacement Notes or New Notes and the claims of the parties to any amended Transaction Document or any further Transaction Document may rank ahead of, *pari passu* with, or behind, any Class or Classes of the Notes.

17. GOVERNING LAW

The Trust Deed, the Global Notes and these Conditions are governed by, and shall be construed in accordance with, English law.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The proceeds of the issue of the Notes, amounting to approximately €175,700,000, will be applied by the Issuer towards:

- (a) payment to the Currency Hedge Provider in return for an amount in Swedish Kronor calculated (in each case) by reference to the Currency Exchange Rate;
- (b) the creation of the Credit Enhancement Reserve in an amount equal to the Initial Reserve Amount; and
- (c) payment of the remaining balance together with the amount received from the Currency Hedge Provider in the following order:
 - (i) to repay all outstanding notes under the Existing Note Issuance Facility Agreement to the Facility Provider; and
 - (ii) to repay all outstanding amounts owed to the Subordinated Loan Lender under the Existing Subordinated Loan Agreement.

The proceeds of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be applied by the Issuer towards paragraphs (a) and (c)(i) above and the net proceeds of the Class E Notes will be applied towards paragraphs (a), (b) and (c)(ii) above.

The proceeds of the Notes after payment of the fees and commissions described in “*Subscription and Sale*” will amount to approximately €175,348,600.

WEIGHTED AVERAGE LIVES OF THE NOTES

“Average lives of the notes” refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security. The average life of the Notes will be influenced by, amongst other things, the actual rate of prepayment of the Transferred Promissory Notes.

The average lives of the Notes that would result from modelling five prepayment scenarios are shown in the table below. Prepayments will be in addition to the expected scheduled principal repayments. The prepayment scenarios have been modelled using the following assumptions:

- (a) the Transferred Promissory Notes all prepay at the rate detailed in the relevant column heading in the table below and all such payments are treated as prepayments in full of individual Transferred Promissory Notes;
- (b) there are no losses or arrears associated with any of the Transferred Promissory Notes;
- (c) no Principal Deficiency arises;
- (d) the Issuer exercises its option to redeem all of the Notes that remain outstanding on the Interest Payment Date falling in June 2011;
- (e) payments on the Notes are made on the 15th day of each payment month regardless of the day on which the Interest Payment Date actually occurs, commencing on the Interest Payment Date falling in August 2006;
- (f) there has been no Note Event of Default (as defined in the Conditions) in respect of the Notes;
- (g) Nordax and/or SCL3 will sell and the Issuer will acquire Additional Promissory Notes and further advances to the extent that available funds exceed the amount necessary to reach the Target Remaining Amounts of the respective notes (provided that such excess available funds may first be used to credit the GIC Account up to the Retained Amount);
- (h) the scheduled amortisation of the Transferred Promissory Notes in the Portfolio follow the expected scheduled amortisation of the Promissory Notes based on the Measured Portfolio and this rate is not impacted by the sale of Additional Promissory Notes or prepayment of existing Transferred Promissory Notes in the Portfolio; and
- (i) the excess spread in the transaction after deducting amounts required to meet paragraphs (a) to (n) of the Pre-Enforcement Revenue Priority of Payments is the equivalent of 4 per cent. per annum. of the outstanding principal balance of the Transferred Promissory Notes in the Portfolio.

AVERAGE LIVES PREPAYMENT SCENARIO TABLE – CPR (% per annum)

	0%	5%	10%	15%	20%
Class A	4.77	4.00	3.49	3.49	3.49
Class B	4.95	4.95	4.95	4.95	4.95
Class C	4.95	4.95	4.95	4.95	4.95
Class D	4.95	4.95	4.95	4.95	4.95
Class E	4.00	4.00	4.00	4.00	4.00

* WALs were calculated on ACTUAL /365 basis

CPR means the constant rate of unscheduled repayments on the Transferred Promissory Notes in the Portfolio each month relative to the aggregate outstanding principal balance of those Transferred Promissory Notes.

The above scenarios have been selected to show the response of the average lives of the Notes to changes in the prepayment assumption only. Neither the Issuer, the Note Trustee, the Security Trustee or any other entity makes any representation that the actual repayment profile of the Notes will match the repayment profile of any of the five prepayment scenarios.

UNITED KINGDOM AND JERSEY TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current law and practice in the United Kingdom and Jersey as at the date of this Offering Circular relating to certain aspects of the United Kingdom and Jersey taxation of the Notes. Special rules may apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom or Jersey should seek their own professional advice.

UNITED KINGDOM TAXATION

1. Interest on the Notes

1.1 Withholding tax on payments of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax.

1.2 Provision of information

Noteholders who are individuals may wish to note that HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

1.3 Further United Kingdom income tax issues

Interest on the Notes may be subject to income tax by direct assessment even where paid without withholding.

However, interest received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may be relevant for such Noteholders.

2. United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of the Notes will be charged to tax as income on all profits and gains on, and fluctuations in value of the Notes (whether attributable to currency fluctuation or otherwise) broadly, consistently with the way such profits, gains and fluctuations in value are recognised in their accounts provided their accounts are prepared in accordance with international accounting standards or United Kingdom generally accepted accounting practice.

3. Other United Kingdom tax payers

3.1 Taxation of chargeable gains

A disposal of a Note by an individual Noteholder who is resident or ordinarily resident in the United Kingdom, or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

3.2 Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued between the last Interest Payment Date and the date of disposal may be chargeable to tax as income under the rules of the "accrued income scheme" as set out in Chapter II of Part XVII of the Act, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

4. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No United Kingdom stamp duty or SDRT is payable on the issue of the Notes into, or transfer by delivery of the Notes within, a clearing system.

5. EU Directive on the Taxation of Savings Income

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

JERSEY TAXATION

The Issuer has been granted exempt company status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961, as amended, for the calendar year ending 31 December 2006 and as such is treated as not resident in Jersey for Jersey tax purposes even though it is managed and controlled in Jersey. As an exempt company, the Issuer is exempt from Jersey income tax on its profits arising outside of Jersey and, by concession, bank interest arising in Jersey, but is otherwise liable to Jersey income tax on income arising in Jersey and is liable to Jersey income tax on the profits of any trade carried on through an established place of business in Jersey. Exempt company status is applied for on an annual basis when payment of an annual charge, currently £600, must be made. The retention of exempt company status is conditional on the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer except as permitted by certain concessions granted by the Comptroller of Income Tax. It is the Issuer's intention to maintain such status.

As an exempt company, payments in respect of the Notes to persons who are not resident in Jersey for tax purposes will not be subject to taxation in Jersey and no withholding or deduction for or on account of Jersey taxation will be required on any such payment made to a holder of the Notes.

No stamp duties are payable in Jersey on the acquisition, ownership, redemption, sale or other disposal of the Notes. Probate or Letters of Administration normally will be required to be obtained in Jersey on the death of an individual holder of the Notes. Stamp duty is payable in Jersey on the registration of such Probate or Letters of Administration calculated on the value of the holder's estate in Jersey.

European Union Code of Conduct on Business Taxation

On 3 June 2003, the European Union (EU) Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business Taxation. Jersey is not a member of the EU. However, in keeping with Jersey's policy of constructive international engagement, it will introduce legislation to replace the Jersey exempt company regime in 2009 with a general zero rate of corporate tax (except for certain categories of company (not including the Issuer) which will be subject to tax at 10 per cent.).

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited and Barclays Bank PLC (the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 3 July 2006, jointly and severally agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of Notes, for a selling commission of 0.12 per cent. and a combined management and underwriting commission of 0.08 per cent. of the principal amount of the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (for the purposes only of this section "*Subscription and Sale*", the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, until 40 days after the later of the date of the commencement of the offering of the Notes and the Closing Date, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

United Kingdom

Each of the Managers has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (**FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Ireland

Each of the Managers has represented and agreed that:

- (a) in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;
- (b) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Manager acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May

1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000 of Ireland (as amended) and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and

- (c) in connection with offers or sales of Notes, it has only issued or passed on, and it will only issue or pass on, in Ireland, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

France

Each of the Managers and the Issuer have represented and agreed that:

- (a) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers (AMF)*, on the date of such publication or (ii) when a prospectus has been approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of such publication; or
- (b) it has only made and will only make an offer of Notes to the public in France (*appel public à l'épargne*) and/or it has only required and will only require the admission to trading on Euronext Paris S.A. in circumstances which do not require the publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French Code *monétaire et financier*; and
- (c) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French Code *monétaire et financier*.

Germany

Each of the Managers has represented and agreed that the Notes have not been and will not be offered or publicly promoted or advertised or sold by it in the Federal Republic of Germany other than in compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) of 22 June 2005 and any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

The Netherlands

Each of the Managers has represented and agreed that it has not and will not, directly or indirectly, offer or sell any Notes (including rights representing an interest in a Global Note) to individuals or legal entities who or which are established, domiciled or have their residence in the Netherlands other than Professional Market Parties (as defined below) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of their profession or business; provided that each such Professional Market Party will have sent to each person to which it (on) sells the Notes (including rights representing an interest in any Global Note) a confirmation or other notice setting forth the above restrictions and stating that by purchasing any Note the purchaser represents and agrees that it will send to any other person to whom it sells any such Note a notice containing substantially the same statement as is contained in this sentence.

Professional Market Parties are any of the following persons but no other person:

- (a) banks, insurance companies, securities firms, investment institutions and pension funds that are (i) supervised or licensed under Dutch law or (ii) established and acting under supervision in a European Economic Area Member State (other than the Netherlands) and registered with the Dutch Central Bank (*De Nederlandsche Bank N.V.: DNB*) or the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and acting through a branch office in The Netherlands;

- (b) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;
- (c) Netherlands enterprises, entities or individuals with net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;
- (d) Netherlands subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;
- (e) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and
- (f) such other entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

Belgium

This Offering Circular and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has neither reviewed nor approved this (these) document(s) nor commented as to its (their) accuracy or adequacy nor recommended or endorsed the purchase of Notes.

Each of the Managers has represented and agreed that it will not:

- (a) offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 22nd April, 2003 on the public offer of securities; or
- (b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7° of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Sweden

Each of the Managers has confirmed and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991: 980) om handel med finansiella instrument*).

Norway

Each of the Managers has represented and agreed that it has only made and will only make an offer of Notes to registered professional investors according to the Norwegian Securities Trading Act Section 5-4 no. 8.

General

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 28 June 2006.

Listing

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 6 July 2006, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,440.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following securities codes:

	<u>CUSIP</u>	<u>Common Code</u>	<u>ISIN</u>
Class A	99500W9B4	25698231	XS0256982314
Class B	99500W9A6	25698266	XS0256982660
Class C	99500W9C2	25698274	XS0256982744
Class D	99500W9D0	25698517	XS0256985176
Class E	99500W9E8	25698550	XS0256985507

Accounts

4. PriceWaterhouseCoopers CI LLP of 22 Colomberie, St. Helier, Jersey JE1 4XA, Channel Islands auditors of the Issuer and a member of the Institute of Chartered Accountants of England and Wales have prepared audited accounts in relation to the Issuer for the year ended 31 December 2005. PriceWaterhouseCoopers CI LLP have given, and have not withdrawn, their consent to the inclusion of their report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of section 46 of the Irish Companies Act, 1963 (as amended).
5. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.

Litigation

6. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

No Material Contracts

7. The Issuer has not entered into any material contracts or arrangements, other than those disclosed in this Offering Circular, since the date of its incorporation.

No Significant Change

8. Save as disclosed in this Offering Circular, since the date of its last audited financial statements, there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the trading or financial position of the Issuer.

Reliance

9. Each of the English Deed of Charge and the Trust Deed will provide that the Security Trustee and the Note Trustee, respectively, may rely on reports or other information from professional advisers or

other experts in accordance with the provisions of the English Deed of Charge and the Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Security Trustee or the Note Trustee (as the case may be) and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

Documents

10. Copies of the following documents in physical form may be inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of the Issuer and at the specified offices of the Irish Paying Agent in Dublin for the life of this document from the date of this document:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the annual audited financial statements of the Issuer dated 31 December 2005;
 - (c) the Subscription Agreement; and
 - (d) drafts (subject to modification) of the following documents (the **Transaction Documents**):
 - (i) the Loan Transfer Agreements;
 - (ii) the Trust Deed;
 - (iii) the English Deed of Charge;
 - (iv) the Swedish Security Agreement;
 - (v) the Jersey Security Agreement;
 - (vi) the Servicing Agreement;
 - (vii) the Standby Servicing Agreement;
 - (viii) the Standby Facilitator Agreement;
 - (ix) the Servicing Transfer Agreement;
 - (x) the Cash Management Agreement;
 - (xi) the Currency Hedge Agreements;
 - (xii) the Bank Account Agreement;
 - (xiii) the Corporate Services Agreement;
 - (xiv) the Share Trust Deed;
 - (xv) the Start-up Loan Agreement;
 - (xvi) the Recall Agreement; and
 - (xvii) the Agency Agreement.

Listing Agent

11. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive or the Prospectus (Directive 2003/17/EC) Regulations 2005.

APPENDIX 1
FINANCIAL STATEMENTS OF THE ISSUER
As attached

SCANDINAVIAN CONSUMER LOANS LIMITED

Report and Audited Financial Statements

For the period from 16 March 2005 to 31 December 2005

**The Directors present their report and the audited financial statements for the period
16th March to 31st December 2005**

Incorporation

The Company was incorporated in Jersey, Channel Islands on 16 March 2005.

Principal Activities

The principal activity of the Company is loan receivables financing. Loans are continuously bought from Nordax Finans AB.

Results and Dividends

The results for the year are set out on page 4. The Directors do not propose the payment of a dividend.

Going Concern

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources from continuing operations to remain a going concern for the foreseeable future.

Directors

The Directors who served throughout the period / year were

Michael George Best	16 March 2005
Peter John Richardson	16 March 2005
Bo Johan Franzen	16 March 2005

Alternate directors appointed by Mr Best and Mr Richardson on 23rd March 2005 are severally Elizabeth Ann Mills and David John Barry.

Statement of Directors' Responsibilities with regards to the Financial Statements

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

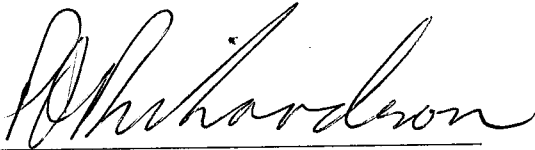
Auditors

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Company Secretary

The secretary of the Company at 31 December 2005 was Structured Finance Management Offshore Limited, which had been appointed on 22 March 2005.

Approved by the Board of Directors and
signed on behalf of the Board



Structured Finance Management Offshore
Limited as Company Secretary

27 APR 2006

Date

Registered Office

47 Esplanade
St Helier
Jersey
JE1 OBD

Income Statement

16 Mar 2005--

All amounts are reported in TSEK

Note

31 Dec 2005

Operating income

Interest income	1	65,210
Interest expenses	1	- 13,997
Net interest income		51,213

Commission revenue	2	3,389
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Total operating income **54,602**

Operating expenses

General administrative expenses	3	- 1,044
Other operating expenses		- 47,359

Total operating expenses **- 48,403**

Income before credit losses **6 199**

Credit losses, net	4	- 6,199
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Operating profit/loss **0**

Tax on net profit for the year	5	-
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NET PROFIT/LOSS FOR THE YEAR **0**

Balance Sheet

	Note	2005
Assets	12, 13	
Cash		0
Lending to credit institutions	6	83,135
Lending to the general public	7	1,092,977
Total assets		1,176,112
Liabilities, provisions and equity		
Liabilities	12, 13	
Liabilities to credit institutions	8	1,150,492
Other liabilities		16,623
Accrued expenses and deferred income	9	8,997
Total liabilities		1,176,112
Equity	10	
Share capital		0
Net profit/loss for the year		0
Total equity		0
Total liabilities and equity		1,176,112
Memorandum items		
Assets pledged for the company's own liabilities	11	1,176,112
Contingent liabilities		None

Cash Flow Statement

16 Mar 2005--
31 Dec 2005

Cash and cash equivalents at beginning of the year	0
<u>Cash flow from operating activities</u>	
Operating profit/loss	0
<u>Change in assets and liabilities of continuing operations</u>	
Increase in lending to the general public	-1,092,977
Increase in other liabilities	25 620
Cash flow from operating activities	- 1 067 357
<u>Financing activities</u>	
Increase in liabilities to credit institutions	1,150,492
Paid-in equity	0
Cash flow from financing activities	1,150,492
 Cash flow for the year	 83,135
 Cash and cash equivalents at the end of the year	 83,135

Cash and cash equivalents are defined as cash in hand and lending to credit institutions.

Operating profit/loss included interest income paid by the general public in the amount of 64,126, interest income from credit institutions in the amount of 608, and interest expenses paid to credit institutions amounted to 13,065.

Accounting and valuation principles

This annual report has been prepared in accordance with the Swedish Act on Annual Accounts in Credit Institutions and Securities Companies (1995:1559) as well as in accordance with the provisions and general advice of the Swedish Financial Supervisory Board, with application of FFFS 2002:22.

Fixed assets and current assets

Assets which are intended to be held permanently and are utilised in the company's operations are classified as fixed assets. Other assets are classified as current assets.

Lending out

Loan receivables which are intended to be held until maturity are classified as financial fixed assets. These are reported in the balance sheet after deduction of established and expected credit losses.

Reporting of receivables as established credit losses takes place after a maximum of six payments have been missed, or earlier if information is received indicating that it is very probable that the receivables will not be paid.

The calculation of probable credit losses is based on a valuation of categories of receivables, according to which write-downs take place. The calculation of probable credit losses is based on the portion of the loan receivables under collection which are not expected to be paid.

Problem loans refer to a category of receivables including credits on which the interest rate has been reduced and doubtful loans. Doubtful loans are considered to be receivables for which interest, fees or instalments are more than 60 days in arrears or for which other circumstances imply an uncertainty as regards their value.

Equipment

Equipment is depreciated according to plan at a rate of 20-33% per year after point of acquisition.

Credit quality and management of credit risks

Lending to the general public consists solely of unsecured loans up to SEK 300,000 and is directed solely towards households in Sweden.

The granting of credit on purchased loans takes place on the basis of established credit policy and credit directives. Credit risk in the portfolio is measured on an on-going basis against other established goals and there is an on-going review of credit risk.

Per 31 December, problem loans amounted to MSEK 5.1, for which provisions totalling MSEK 4.4 were reserved. The provision rate amounts to 86%.

Market risks

Financial risk may arise during the course of the Company's operations. Such risks are primarily comprised of interest rate, currency, liquidity, and refinancing and counterparty risks. Nordax Finans' operations are characterised by a low level of risk-taking.

Interest rate risks

Interest rate risks arise when the fixed-interest term for the cash flow related to assets, liabilities and items outside the balance sheet do not coincide. The point of departure for the company's interest rate risk management is so-called "matching", entailing that the fixed interest rate period, as regards borrowing, coincide with the fixed interest rate period that the company offers customers in terms of lending. Interest rate risk is estimated as the effect on the current value of a parallel transfer of the yield curve of plus or minus one percent. When both borrowings and loans have equally variable interest rates and terms then the interest rate risk is eliminated.

Liquidity and refinancing risk

Liquidity risk is the risk which arises in the event the company lacks liquid funds with which to repay or complete interest rate payments on loans and derivative contracts or on other liabilities falling due for payment. Financing agreements are in place matching the tenures of credits granted.

Currency Risk

Currency risk arises when assets and liabilities or the cash flow that these generate are not equally large in one and the same foreign exchange. All assets and liabilities are in SEK, hence, there is no foreign exchange risk.

Counterparty risks

Counterparty risk is the risk that the counterparty in a derivative contract will be unable to meet their payment commitments. Financial credit risks can also arise as a result of liquidity investments. None of the counterparty risks are present in the cases mentioned.

Notes

All amounts are reported in TSEK, unless otherwise stated

	16 Mar 2005-- 31 Dec 2005
1 Net interest income	
Interest income	65,210
Average interest rate on interest-bearing assets amounted to 11.7 %	
Interest expenses	- 13,997
Average interest rate on interest-bearing liabilities amounted to 2.5 %	
Net interest income	51,213
2 Commission revenue	
Commissions on lending	3,390
Total	3,390
3 General administrative expenses	
Foreign Services	-215
Other	- 829
Total other administrative expenses	- 1,044
4 Credit losses, Net	
Homogenous receivables valued on a group basis	
Annual write-offs attributable to established credit losses	- 1,923
Provision to reserve for credit losses	- 4,276
Annual net cost for receivables assessed on a group basis and credit losses	- 6,199

5 Tax on net profit for the year

The Company has been granted exempt status for Jersey taxation purposes and, therefore, is liable for an annual exempt company fee of GBP 600. The Company is accordingly not subject to taxation.

6 Lending to credit institutions

2005

Bank in Sweden

83,135

Lending to credit institutions is included in Pledged assets for liabilities to credit institutions.

7 Lending to the general public

2005

Fixed assets

Households

1,092,977

Problem credits

Bad debts

5,103

Provisions

- 4,388

Total problem credits, net

715

Average interest rate on receivables that are not considered of problem loans.

10.6 %

8 Liabilities to credit institutions

2005

Bank in the United Kingdom

1,150,492

As regards above mentioned liabilities, all receivables pertaining to "Lending to the general public" and "Lending to credit institutions" have been pledged as collateral.

The committed credit facility is 2,000,000.

9 Accrued expenses and deferred income

2005

Accrued interest

941

Accrued expenses and deferred income

8,056

Total

8,997

10 Equity

	Share capital	Non-restricted equity	Total equity
Equity, 17 March 2005	28	-	28
Net profit/loss for the year		0	0
Equity, 31 Dec 2005	28	0	28

Authorised, 10,000 ordinary shares at GBP 1 per share.
 Allotted, called up and fully paid, 2 ordinary shares at GBP 1 per share.

11 Memorandum items

2005

Pledged assets for the company's own liabilities

Lending to the general public	83,135
Lending to credit institutions	1,092,977
Total	1,176,112

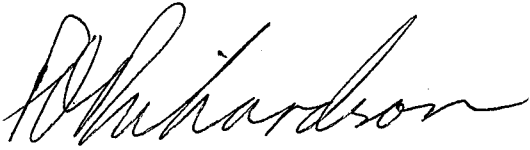
12 Fixed interest

'Lending to the general public' and 'Liabilities to credit institutions' have fixed-interest periods of fewer than three months. The average remaining fixed-interest period for the above-mentioned items is 0.0 years. Other assets, liabilities and equity do not bear interest.

13 Classification of tenures (MSEK)

	< 3 months	3-12 months	1-5 years	>5 years	Without term	Total	Average term
<u>Assets</u>							
Lending to credit institutions	83					83	0.0 years
Lending to the general public	28	87	468	510		1,093	9.3 years
Total	111	87	468	510	-	1,176	
<u>Liabilities, provisions and equity</u>							
Liabilities to credit institutions				1,150		1,150	12.3 years
Other	26					26	0.1 years
Equity					0	0	
Total	26	-	-	1,150	0	1,176	

The financial statements on pages 4 to 12 were approved by the board of directors on 27th April 2006 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P J Richardson', written in a cursive style.

P J Richardson
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCANDINAVIAN CONSUMER LOANS LIMITED

We have audited the financial statements of Scandinavian Consumer Loans Limited for the period ended 31 December 2005 which comprise the income statement, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law and Swedish Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 110 of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the director's report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Swedish Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.



PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

27 April 2006

APPENDIX 2

INDEX OF DEFINED TERMS

There follows an index of the defined terms used in this Offering Circular, together with details of the page(s) on which such term is or are defined.

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